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IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

PANDUIT CORP.,

Petitioner,

v.

THOMAS & BETTS CORPORATION AND
THOMAS & BETTS HOLDINGS, INC.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS FOR THE
SEVENTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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July 1998

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QUESTION PRESENTED FOR REVIEW

Under the United States Constitution, Congress enacted laws to promote the progress of science and useful arts by providing exclusive rights to authors and inventors "for limited Times." Under the Patent Act, a patent owner may exclude others from making, using, offering for sale, and selling the patented invention during the patent term — a time-limited private right. However, once the patent expires, its subject matter is dedicated to the public.

This petition raises an important question of federal law, which the Seventh Circuit has answered squarely in conflict with decisions of this Court and the Sixth Circuit:

After a utility patent has expired, may the public manufacture and sell the specific product disclosed in, and produced during the term of, the patent, without Lanham Act liability for product configuration trade dress infringement — which has no time limits?

LIST OF PARTIES

The only parties to this proceeding are the petitioner, Panduit Corp., and the respondents, Thomas & Betts Corporation and Thomas & Betts Holdings, Inc.

RULE 29.6 LIST

Pursuant to Rule 29.6 of the Rules of this Court, petitioner states that it has no parent corporation and no nonwholly owned subsidiaries.

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THOMAS & BETTS CORPORATION AND
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On Petition For Writ Of Certiorari
To The United States Court of Appeals
for the Seventh Circuit

PETITION FOR WRIT OF CERTIORARI

Panduit Corp. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit.

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-47a)[1] is reported at 138 F.3d 277 and at 46 U.S.P.Q.2d 1026. The opinion of the district court (Pet. App. 48a-85a) is reported at 935 F. Supp. 1399 and at 46 U.S.P.Q.2d 1010.

JURISDICTION

The court of appeals rendered its judgment and opinion on March 4, 1998. On April 30, 1998, the court issued an order

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[1]References to Pet. App. __ are to the appendix found at the close of this petition.

denying Panduit's timely petition for rehearing with suggestion for rehearing en banc. (Pet. App. 86a). This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISION INVOLVED

Article I, section 8, clause 8 of the United States Constitution provides, in relevant part, that Congress shall have the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

STATEMENT OF THE CASE

I. NATURE OF THE CLAIM AND JURISDICTION IN THE DISTRICT COURT

Respondent, Thomas & Betts Corporation ("T&B"),[2] brought this action against petitioner, Panduit Corp., primarily for alleged trade dress infringement of T&B's two-piece cable tie. The dispute eventually centered on the three-dimensional oval head of T&B's cable tie. T&B based its claim on Section 43(a) of the Lanham Trademark Act, 15 U.S.C. § 1125(a), and related state claims. Panduit's defenses included that the oval shape of the head used in T&B's cable tie was disclosed in an expired T&B patent and, therefore, was freely available for use by the public. The United States District Court for the Northern District of Illinois had jurisdiction pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1332, and 1338.

II. THE MATERIAL FACTS

On June 1, 1982, U.S. Patent No. 3,186,047 ("the Schwester patent") expired. T&B owned the Schwester patent, which disclosed a two-piece cable tie with an oval head. (Pet. App. 3a).

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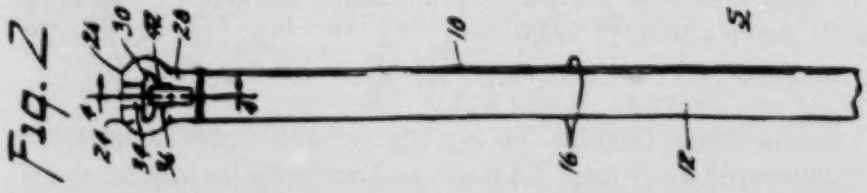
[2]Respondent Thomas & Betts Holdings, Inc. has been merged into T&B.

Cable ties are small nylon belts used to bundle wires. They consist of a strap having a tapered tail at one end and a head, which incorporates a horizontal slit and locking mechanism, at the other end. The strap is looped around a group of wires and the tail is inserted through the slit in the head and pulled tight, triggering the locking mechanism and prohibiting reverse movement of the tail. (Pet. App. 2a). In a two-piece cable tie, such as that disclosed in the Schwester patent, a metal barb sits in a slot transverse to the slit for the strap, and when the strap is pulled taut through the slit, the tension on the strap causes the barb to flex, bite into the nylon strap, and hold tight. (Pet. App. 3a).

The claims of the Schwester patent called for a "head-end portion," which was illustrated in Figure 2 of the patent (A 626)[3] as having an oval shape. Figure 2 is reproduced below in part showing the oval head:



T&B's patent did *not* illustrate any other shape for the head. Moreover, in the written description, an oval-shaped head was the *only* shape of the head identified for practicing the claimed invention. (A 627, col. 2, lines 3-4). In sum, T&B's patent did *not* specify any other shape for the head. The cable tie sold by T&B during the patent term (A 391) under its TY-RAP trademark

[3]References to A ____ are to the appendices filed by the parties with their briefs on appeal in the Seventh Circuit.

and T&B logo likewise had an oval-shaped head, as shown below in relevant part:

Several years after T&B's patent expired in 1982, Panduit began making and selling a two-piece cable tie with the oval head shown in the patent and sold by T&B under its patent. Panduit clearly identified itself as the source of its ties by molding the PANDUIT trademark on each tie, and by prominently marking its packaging with the PANDUIT trademark, the "P" logo, the BARB-TY trademark, and Panduit's corporate green. (A 544, 597).

Even though T&B had no existing patent and, for that matter, no registered trademark, T&B claimed exclusive trade dress rights in the shape of its cable tie and sued Panduit under the Lanham Act.

III. PROCEEDINGS BELOW

A. *T&B I*

Shortly after filing its complaint, T&B filed a motion for a preliminary injunction. The district court granted the motion and enjoined Panduit from selling its two-piece cable tie with an oval head. *Thomas & Betts Corp. v. Panduit Corp.*, 34 U.S.P.Q.2d 1545 (N.D. Ill. 1994). However, the Seventh Circuit reversed in *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995) (*"T&B I"*). As the court of appeals recognized, "[c]opying is not only good, it is a federal right—a necessary complement to

the patent system's grant of limited monopolies." *Id.* at 657. The court further recognized that:

> [t]he right to copy is even more robust when the copied product was previously patented but the patent has expired. In that case, the original producer has reaped his reward of a 17-year monopoly and the public has already "paid the congressionally mandated price for disclosure."

Id. at 658 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989)).

In reversing the grant of T&B's preliminary injunction motion, the appellate court also rejected T&B's argument that it could assert trade dress rights in the oval shape of the head because that shape was not part of the *claims* of the Schwester patent. T&B made its argument to distinguish *Vornado Air Circ. Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied,* 516 U.S. 1067 (1996), where the Tenth Circuit recently had ruled that a patent owner could not assert trade dress rights in a spiral grill that was included in the *claims* of a utility patent on a fan.

But, the court rejected T&B's argument, for two reasons. First, whether a feature is claimed is not necessarily "a good indicator of its relative importance to the invention as a whole."*Thomas & Betts,* 65 F.3d at 660. Because T&B was able to obtain a broader right to exclude by not claiming a particular shape for the cable tie head, "[t]here is no reason, therefore, to infer from its absence as an element in a claim that the shape of the head is any less important to the two-piece cable tie than the spiral grill is to Vornado's fan." *Id.*

Second, in the bargained-for private right of a patent owner to exclude others from practicing its invention for a limited time in exchange for disclosure to the public, the patent's claims define the outer boundaries of the patent owner's right to exclude. On

the other hand, what the public receives upon expiration of the patent is "the entire invention as disclosed in the claims but *primarily* in the patent specifications [*i.e.*, drawings and written description]," which are required by 35 U.S.C. § 112 to teach the public how to practice the invention. *Id.* (emphasis added).

B. *T&B II*

Panduit then moved for summary judgment, and the district court granted Panduit's motion on Count I, the allegation of Lanham Act trade dress infringement. *Thomas & Betts Corp. v. Panduit Corp.*, 935 F. Supp. 1399 (N.D. Ill. 1996). (Pet. App. 49a). In its opinion, the court analyzed the relationship between patent and trademark law and its effect on this case. (Pet. App. 54a-67a). It reasoned that in a utility patent, such as T&B's patent, the patent owner is required to teach the public how to use the invention. This is done in the specification of the patent, where, for example, T&B illustrated and described the use of an oval head on the claimed cable tie. Once the patent expires, the public must be free to use the invention taught by the patent. Indeed, T&B "clearly understood" this right to copy when it obtained its patent. (Pet. App. 62a).

Moreover, if a prospective competitor was threatened with Lanham Act litigation for copying the invention after the patent expires, "this would seriously undermine the Patent Act." (Pet. App. 62a). As the court further explained:

> Competitors would be hesitant to take advantage of inventions coming off patent for fear that the holders of the expired utility patent will argue . . . , that their product has gained secondary meaning and is protected by the Lanham Act.

(Pet. App. 62a). For these reasons, the court held that "the right to copy arising from the Patent Act entitles Panduit to copy the

oval headed cable tie disclosed in the Schwester patent without fear of a Lanham Act violation." (Pet. App. 59a-60a).

Finally, the court explained that its holding did not eviscerate trademark protection for product configurations because it did not prevent T&B from seeking trademark protection for its packaging, its word mark, or other methods of identifying T&B as the source of its cable ties. "What is precluded are attempts to seek trademark protection for the physical shape of the product when it is the subject of an expired utility patent." (Pet. App. 67a).

T&B appealed the district court's grant of summary judgment in Panduit's favor, and the case was assigned to the same panel that reversed the grant of T&B's preliminary injunction motion. This time, however, the court abandoned its "right to copy" rationale, replaced it with a "no right to copy" rationale, and reversed the grant of summary judgment. *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir. 1998) (Pet. App. 1a) (*"T&B II"*). Without discussing the public education effect of T&B's patent drawing and written description of an oval head, the court held that:

> because the oval shape of the head is not part of the claims of the patent, the appropriate test to apply in determining whether Panduit's cable ties infringe on T & B's rights in the oval shape is that which applies in any other trade dress (or trademark) infringement case.

(Pet. App. 21a). The appellate court's holding in *T&B II* is the subject of this petition.

REASONS FOR GRANTING THE PETITION

I. INTRODUCTION

This petition presents a question of critical importance to the lower courts, product manufacturers, the intellectual property community, and the public. This Court should harmonize the

Patent Act and the Lanham Act, and resolve the conflict among the lower courts by reaffirming the Court's prior decisions. At present, this conflict generates uncertainty among potential competitors as to whether they can freely enter the marketplace with the same subject matter of an expired patent used by the patent owner during the patent's term. Without resolution by this Court, markets that should be open to the advantages of competition can remain exclusively and indefinitely in the control of the former patent owner.

Although the Seventh Circuit's decision resulted in a remand, a decision on the question presented should not be delayed until final judgment after trial. This Court's authority to review interlocutory judgments of courts of appeal is unquestioned. 28 U.S.C. § 1254(1). Moreover, the Seventh Circuit has incorrectly answered without reservation the purely legal question posed by the petition. Subsequent proceedings, including discovery and a trial on liability and damages, will be substantially reduced if this Court acts now to correct the Seventh Circuit's error. In addition, the important question raised by this petition should be resolved as soon as possible.

II. THE SEVENTH CIRCUIT'S DECISION CONFLICTS SQUARELY WITH THIS COURT'S DECISION IN *SINGER* AND THE SIXTH CIRCUIT'S DECISION IN *WEST POINT*

Recently, a commentator observed that, because of a circuit split, the interplay between patented product configurations and trade dress law is "ripe for Supreme Court intervention." Michael S. Perez, *Reconciling the Patent Act and the Lanham Act: Should Product Configurations Be Entitled to Trade Dress Protection After the Expiration of a Utility or Design Patent?* 4 Tex. Intell. Prop. L.J. 383, 384 (Spring 1996). Here, the Seventh Circuit's decision conflicts squarely with both the Supreme

Court's decision in *Singer* and the Sixth Circuit's decision in *West Point*.

A. The Conflict With *Singer*

This Court's decision in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896), is the fountainhead for the law on the right of the public, once a patent expires, to make and sell the product sold by the patent owner under its patent. In *Singer*, this Court found it "self evident" that when a patent expires, the right to exclude ends, and "the right to make the thing formerly covered by the patent becomes public property." *Id.* at 185. According to this Court, "[i]t follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine *in the form in which it was constructed during the patent.*" *Id.* (emphasis added). The Court therefore dismissed Singer's charge that, after the patents expired, the defendant wrongfully duplicated the form (or shape) of the sewing machines manufactured by Singer under its several patents. *Id.* The form of the Singer machines constituted the claimed trade dress. The form of the T&B two-piece cable tie constitutes T&B's claimed trade dress.

Singer should have controlled the Seventh Circuit's decision. Just as in *Singer*, Panduit is selling a cable tie that duplicates the form of the one sold by T&B under its patent. The only difference in the cable ties is that Panduit has clearly identified its cable ties by molding the PANDUIT trademark on each of its ties. Under the sound authority of *Singer*, Panduit had every right to act as it did.

The Seventh Circuit erred in two fundamental respects in disregarding *Singer*. First, the court of appeals dismissed *Singer* based on a perceived factual distinction—"the [marketed] machines' shapes were dictated by patents covering the machines' various components." (Pet. App. 11a). However, in *Singer* this

Court said only that the "character and form" of the sewing machines, which distinguished them "as a whole" from the machines of others and caused them to be known as "Singer" machines, was the "necessary result of the *existence* of... [the] patents." *Singer,* 163 U.S. at 179 (emphasis added). The existence of the patents gave Singer a temporary monopoly during which the public associated the form of these machines with Singer. Buyers of sewing machines thus recognized the distinctive "Singer look" of the machines from their overall appearance. But nothing in the decision suggested or implied that the distinctive look was dictated by the patented components. In other words, there is *no* evidence that the patents *dictated* or were even utilized in designing the overall form of the machines.

Indeed, this Court said in the *Singer* Statement of the Case that "[n]one of the machines, however, were patented as a whole" (*Singer* 163 U.S. at 172); and that *only* "[s]ome of [their] parts were covered by patents" (*id.* at 173). And the *Singer* lower court clearly indicated that the shape of Singer's machines was *not* dictated by its patents, *e.g.*:

> [I]f the manufacturer of a patented machine adopts a peculiar style or form in which to embody the working mechanism covered by his patents..., such form of construction and ornamentation, *although not strictly essential to the operation of the mechanical device covered by the patents,* still becomes a part of the machine as presented to the world on the expiration of the patents.

Singer Mfg. Co. v. June Mfg. Co., 41 F. 208, 213 (N.D. Ill. 1889), *rev'd on other grounds,* 163 U.S. 169 (1896) (emphasis added). Thus, the Seventh Circuit's perceived distinction rested upon a non-existent factual foundation.

Second, the facts of this case are even more compelling than those of *Singer.* In *Singer,* as set forth above, the form of the

marketed Singer machines was *not* disclosed in any of its patents, and this Court ruled that the *form* of these machines (consisting of patented and unpatented components) became public property when the patents expired. In this case, the form of T&B's marketed cable tie *is* disclosed in T&B's patent. In fact, it is the *only* form disclosed in T&B's patent and the *only* form that T&B marketed. Thus, the Seventh Circuit should never even have reached the question of whether the oval-shaped head was or was not "driven by" the cable tie components. (Pet. App. 11a). The teachings of *Singer* on the right of the public to make the thing formerly covered by a patent in the form as marketed fit the facts of this case precisely. Plainly, the Seventh Circuit should have followed *Singer*.

This Court later reaffirmed its holding in *Singer* and explained why the trademark laws cannot trump the public's right to copy upon expiration of a patent:

> By the force of the patent laws not only is the invention of a patent dedicated to the public upon its expiration, but the public thereby becomes entitled to share in the good will which the patentee has built up in the patented article or product through the enjoyment of his patent monopoly. Hence we have held that *the patentee may not exclude the public from participating in that good will or secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings, or claims of the expired patent, whether or not such matter describes essential elements of the invention or claims. Kellogg Co. v. National Biscuit Co., supra,* 117-20; *Singer Manufacturing Co. v. June Manufacturing Co.,* 163 U.S. 169, 185.

Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 256 (1945) (emphasis added).

B. The Conflict With *West Point*

The Seventh Circuit's decision also conflicts with the Sixth Circuit's decision in *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581 (6th Cir. 1955), which was decided under the Lanham Act. Although repeatedly relied on by Panduit in its brief on appeal, the Seventh Circuit completely ignored this important case in its opinion, even though it was decided on facts nearly identical to those at bar.

The product in issue in *West Point* was a clamp and, as here, one of the copied features, the handle of the clamp, was the same handle disclosed in the drawings of the expired patent. *Id.* at 597 n.3. Unlike the Seventh Circuit's ruling in this case, the Sixth Circuit held that the patent owner could not rely upon the Lanham Act to stop a competitor from manufacturing and selling the once-patented clamp, including the handle shown in the drawings. *Id.* at 583, 599. In so holding, the Sixth Circuit found that a conventional trademark inquiry into such areas as functionality and secondary meaning was inappropriate under the circumstances. *Id.* at 597 n.3. Yet this is the very trademark inquiry adopted by the Seventh Circuit in this case. (Pet. App. 21a).

The Sixth Circuit heavily relied on this Court's decision in *Singer* in holding that, as long as a party identifies itself as the source of the product, it may, upon expiration of a patent, "manufacture and copy the article patented in the identical shape, form, and appearance in which it was constructed during the existence of the patent ...." *Id.* at 588. This is exactly what Panduit did, and it is exactly what the controlling precedent endorsed.

T&B has argued that *West Point* turned on the lack of a likelihood of confusion and not on the fact of an expired patent,

but this argument is contradicted by the *West Point* opinion. Immediately following the discussion of the same cases relied on by T&B in its argument, the *West Point* court held that:

> [u]pon the expiration of appellee's patent, there became dedicated to the public the patented article in the identical form in which it had theretofore been produced and marketed by appellee; [and] appellant, on such expiration, was entitled to copy exactly appellant's clamp in all particulars . . . .

Id. at 595.

The court in *West Point* noted that the appellant was required to mark its product in a manner that would inform consumers as to the source of the products. The record showed that the appellant had done so, and it was in this context that the court found that confusion was "beyond comprehension." *Id.* at 596. Thus, the Sixth Circuit did not base its holding, as T&B has suggested, on the lack of confusion between the patented and competing *products,* but rather on the principle that copying was permitted, so long as the product was marked as to its source. This is precisely the rationale upon which the Seventh Circuit should have based its decision: Panduit's oval-headed cable tie was entirely permissible because Panduit clearly identified itself as the source of its ties, not only by molding the PANDUIT trademark on each tie, but also by applying the PANDUIT trademark, the "P" logo, the BARB-TY trademark and Panduit's corporate green to the packaging for the ties.

Panduit's repeated reliance on *West Point* in its brief on appeal refutes the Seventh Circuit's position (Pet. App. 15a) that Panduit did not cite any case holding that a feature of a product disclosed in a patent cannot be protected under the trademark laws. *West Point* actually goes farther, finding that a feature that is part of the patent owner's commercial embodiment cannot

receive trademark protection. *Id.* at 583, 595. This is fully consistent with *Singer* and should have controlled in this case.

Finally, *West Point's* holding that trademark protection cannot extend to features disclosed in the patent's drawings, written description, *or* claims is consistent with *Scott Paper* and should have resulted in a ruling in Panduit's favor. This is especially so because the oval shape of the cable tie head was not incidental to the disclosed invention. It was the *only* shape for the head shown or described anywhere in the patent. That oval shape was the patent owner's instruction to the public under 35 U.S.C. § 112 on how to use the invention once the patent expired. Panduit simply followed those instructions.

III. THE SEVENTH CIRCUIT'S DECISION IS ERRONEOUS

A. The Seventh Circuit's Decision Eviscerates The Patent Bargain—The Very Essence Of The Patent Laws

1. The Constitution Requires That An Inventor's Exclusive Right Last Only For "Limited Times"

The patent laws reflect a bargain created between an inventor and the public. The inventor enjoys a private right—for a limited time—to exclude the public from using the invention, in return for public disclosure of the invention and its dedication to the public. This carefully balanced bargain is embedded in the Patent Clause of the United States Constitution.

Article I provides that Congress shall have the power "[t]o promote the Progress of Science and useful Arts, by securing for *limited* Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const., art. I, § 8, cl. 8 (emphasis added). The Framers of the Constitution looked to English patent law in drafting this Clause, which was adopted without known debate. Edward C. Walterscheid, *To*

Promote the Progress of Science and Useful Arts: The Background and Origin of the Intellectual Property Clause of the United States Constitution, 2 J. Intell. Prop. L. 1 (Fall 1994).

Following the Constitution's directive, Congress enacted the first patent law in 1790, and defined the limited time of exclusivity. In 1994, Congress amended the present Patent Act to provide that a patent expires twenty years after the application for patent is filed. Previously, a patent expired seventeen years after its grant.[4]

As reasoned by this Court, the Framers plainly intended to "promote the Progress of Science and useful Arts" by limiting the period of exclusivity so that the public could use and enjoy the invention once the inventor had reaped the benefits of his investment of time, research, and development. *See Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81 (1974). Permitting a patent owner to claim exclusive rights in an invention beyond the "limited Times" dictated by the Constitution, as the Seventh Circuit has done here, runs directly contrary to the express directive of the Constitution's Framers and thereby upsets the bargain.

2. This Court Has Unfailingly Honored The "Limited Times" Provision Of The Constitution

This Court repeatedly has signaled its intention that the "limited Times" function of the Constitution be adhered to strictly. As observed by the Court, the goals of the patent laws are threefold:

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the

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[4]For patents in force on June 8, 1995, the patent term is the greater of seventeen years from grant or twenty years from filing. 35 U.S.C. § 154(a)(2),(c)(1).

> stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

Aronson v. Quick Point Pencil Co., 440 U.S. 257, 262 (1979).

Upon inventing something, an inventor has a choice:

> He may keep his invention secret and reap its fruits indefinitely. In consideration of its disclosure and the consequent benefit to the community, the patent is granted. An exclusive enjoyment is guaranteed him for seventeen years, but upon the expiration of that period, the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use.

United States v. Dubilier Condenser Corp., 289 U.S. 178, 186-87 (1933). That is the quid pro quo. *See Bonito Boats,* 489 U.S. at 150-51.

Once the time period of exclusivity has run, and the patent has expired, society has "paid the congressionally mandated price for disclosure" of the invention. *Bonito Boats,* 489 U.S. at 152. Upon expiration of a patent, therefore, the right to make the item disclosed in the patent is in the public domain, and the public enjoys "the right to make the machine in the form in which it was constructed during the patent." *Singer,* 163 U.S. at 185; *see also Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 863 (1982) (White, J., concurring in result) ("A functional characteristic is 'an important ingredient in the commercial success of the product,'. . . , and, after expiration of a patent, it is no more the property of the originator than the product itself.") (citation omitted); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964) ("when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes

to the public") (citing *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120-22 (1938)). Any continuation of the monopoly "after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent laws." *Scott Paper*, 326 U.S. at 256.

The corollary to the limited time frame of an inventor's right to exclude is that the inventor should not be allowed to pull his or her invention back from the public. "An inventor cannot be permitted to give his invention to the public, in order to create a commercial value, and afterwards withdraw his gift, if he finds it to his advantage so to do." *Mix v. National Envelope Co.*, 244 F. 822, 822-23 (E.D. Pa. 1917). Such a result is inimical to the bargain struck between the inventor and society.

The Seventh Circuit's decision runs afoul of the finite term required by the Constitution and respected by this Court, a limitation central to the patent bargain. The decision allows a patent owner to extend its right to exclude, potentially in perpetuity, via the Lanham Act. Yet, as this Court has stated:

> [i]t is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation.

Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995).

B. The Seventh Circuit's Decision Creates A Practical Nightmare For Those Trying To Compete Using The Teachings Of An Expired Patent

The Seventh Circuit's decision at most empowers the public to make a product that has the features recited in the claims of an expired patent. (Pet. App. 21a). A prudent competitor would, before producing such a product, analyze those claims in much

the same way it would analyze them to avoid infringement during the life of the patent. However, under the Seventh Circuit's rule, if the competitor doing a post-expiration analysis encountered product features not in the claims but in the *drawings or written description,* it would need to undertake a time-consuming and expensive trade dress clearance analysis. This would require it to: (1) determine whether the prior patent owner still was marketing the patented product, and investigate the extent of sales and advertising; (2) determine whether the features disclosed in the drawings or written description, but not recited in the claims, were nonfunctional within the Seventh Circuit test; (3) determine whether any such features were inherently distinctive or had attained secondary meaning in the marketplace; and (4) determine whether sales of the competing product under its own trademark would nevertheless be likely to cause confusion among purchasers. *See Two Pesos, Inc. v. Taco Cabana, Inc.,* 505 U.S. 763 (1992).

The cost and time of investigations, legal opinions, and, probably, consumer surveys place significant restrictions on the public's ability to practice the invention and thus operate as a barrier to, and a deterrent of, free and open product competition, which is "a fundamental premise of the free enterprise system." *Restatement (Third) of Unfair Competition* § 1 cmt. a (1995). Indeed, these investigations, opinions, and surveys would make it economically burdensome for a small competitor to compete by using the teachings of an expired patent. Moreover, even after conducting all of the investigations outlined above and incurring the many necessary investments of time and money, a potential competitor still may face a jury trial, possibly an injunction order to withdraw the product from the market, and possibly a judgment for unknown damages.

Finally, realization of all the benefits of free competition requires the certainty that one can copy the teachings of an expired patent or patented device. Competition is enhanced when

one reliably can copy a commercially-proven device. Other designs that have not been commercially proven and that might become protected by an applied for, but unissued patent, are not equally attractive alternatives.

C. Following *Singer* and *West Point*, And Not The Seventh Circuit's Decision, Would Harmonize The Lanham Act With The Patent Act

Adopting the rationale of *Singer* and *West Point* in this case would clarify the law of trade dress immeasurably, while still allowing for Lanham Act protection in deserving cases. Nonfunctional trade dress is of course subject to protection under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), if it is distinctive and if confusion is likely. *Two Pesos,* 505 U.S. at 763. A determination of whether the product element is legally functional is often decisive in a trade dress case, since legal functionality is the antithesis of protectability. How do courts make this determination? In cases not involving expired utility patents, there is no bright line. The test in the Seventh Circuit ultimately comes down to whether, in the end, protection would hinder effective competition. *W.T. Rogers Co. v. Keene,* 778 F.2d 334, 346 (7th Cir. 1985).

But in the case of an expired utility patent, policies and equities shift dramatically away from the patent owner—former legal monopolist—to the public, and the trade dress test for legal functionality is greatly simplified. Under *Singer* and *West Point* a court need look only to the four corners of the patent, the same as the business seeking to compete has a legal right to do. A feature of the patented product is legally functional if it is found in the patent. *See Atlantis Silverworks Inc. v. 7th Sense Inc.,* 42 U.S.P.Q.2d 1904 (S.D.N.Y. 1997) (granting summary judgment dismissing unfair competition claim because alleged trade dress features were the subject of a utility patent and were, therefore, functional). As such, the feature is not protectable under the

Lanham Act, and its term of protection under the patent law may not exceed the life of the patent. This is the *only* approach that does not do violence to the "limited Times" mandate of the Constitution, and that reconciles the patent and trademark laws.

If a competitor cannot rely with certainty on *all* the disclosed features of the patented product, and adopt them *in toto,* effective competition is restrained as a matter of law and the public automatically loses. This rationale explains why this Court has held that a patent owner may not extend its right to exclude "by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specification, drawings or claims of the expired patent, whether or not such matter describes essential elements of the inventions or claims." *Scott Paper,* 326 U.S. at 256 (citing *Kellogg,* 305 U.S. at 117-20, and *Singer,* 163 U.S. at 185).

Moreover, there is no need to accord trademark protection to the features of an expired utility patent in order to keep the public free from confusion. Instead, the patent owner may use the trademark laws to protect the indicia of source, such as the trademark, the packaging, and even the color of the product, if distinctive. At the same time, the competitor who opts to use the features of the expired patent will be required to mark its product to avoid confusion as to source, as Panduit did here. Thus, refusing Lanham Act rights in the features disclosed within the four corners of an expired utility patent in no way will subject the public to confusion.

With the facts at bar and a correct application of the law by this Court, it will become manifestly clear that the Patent Act and the Lanham Act are not in conflict. They are indeed consistent, and petitioner should be allowed to exercise its rights under patent law and policy.

IV. THE QUESTION PRESENTED IS CRITICALLY IMPORTANT

A. The Public Right Should Be Vindicated Promptly

The question presented by this petition requires this Court's intervention now. In an increasingly competitive and litigious commercial environment, patents and trademarks are important tools in business strategies aimed at increasing market shares. Reporting on the Patent and Trademark Office's new database of over twenty million pages of patent and trademark information to be made available free on the Internet, Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, recently stated that "dissemination of patent and trademark information is vital to innovation, investment, and economic growth." Bruce A. Lehman, Remarks Before the American Bar Association (June 25, 1998) (transcript available on the Internet at www.uspto.gov). The advent of free access to expired patents via the Internet can only mean that, if the Seventh Circuit's decision stands, trade dress litigation over features disclosed in an expired patent will rise dramatically. Both small and large producers may search and rely on those patents and make use of inventions thought to be in the public domain, only to find themselves as unwilling defendants in Lanham Act trade dress cases.

Only this Court can ensure that these clearly undesirable consequences do not follow. This can best be done by the Court establishing a bright-line test providing that, when a patent expires, the public is free to use the patent's teachings as found in the written description, drawings, or claims, and to copy the form of the patented product as marketed by the patent owner during the patent's term, without liability to the patent owner for Lanham Act trade dress infringement. Otherwise, the public, the intended beneficiary of the patent bargain, will be paralyzed into inaction when faced with the prospect of using the subject matter

of an expired patent to its fullest. The very thought of so-called Lanham Act rights striking like a Stealth bomber in the night to extinguish the long-established right to copy the subject matter of an expired patent will have a preemptive effect on any notion of entering the marketplace with a new, and perhaps cheaper, product from which all the public could benefit. *See Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1563 (Fed. Cir. 1995) ("Better or cheaper products in the marketplace which promote competition is the goal.").

B. T&B Itself Endorsed Supreme Court Review

T&B itself recently urged this Court to guide the lower courts on a coherent approach to the relationship between patents and trade dress. In *Vornado*, the patent owner filed a petition for writ of certiorari in this Court after the Tenth Circuit (58 F.3d at 1498) ruled that the patent owner could not assert trade dress rights in a feature of an invention claimed in its expired utility patent. T&B filed an *amicus curiae* brief, urging this Court to grant the patent owner's petition in *Vornado* because "it is extremely unlikely that the courts of appeal will *ever* develop a coherent approach to the relationship between patents and trade dress without guidance from the Supreme Court." *Amicus Curiae Brief of Thomas & Betts Corporation and Thomas & Betts Holdings, Inc. in Support of the Petition* at 3 (emphasis added), *Vornado Air Circ. Sys., Inc. v. Duracraft Corp.*, 516 U.S. 1067 (1996) (No. 95-524) (denying petition for writ of certiorari).

T&B also argued in its *amicus curiae* brief that, without intervention by this Court, a coherent approach would never result because the Federal Circuit has exclusive jurisdiction over civil actions arising under the patent laws, but not over actions arising under the Lanham Act, 28 U.S.C. § 1295(a)(1). Moreover, since the Federal Circuit defers to the laws of the regional circuits on issues involving Lanham Act trade dress law, and the regional circuits do not take up core patent issues, the courts of

appeal are prevented from separately or jointly developing a uniform approach to issues that touch on, but are beyond, the Federal Circuit's exclusive jurisdiction. *Id.* at 13-15. Panduit agrees.

If this Court continues to deny certiorari petitions on this important question, confusion and doubt will continue unabated. Now is the time for this Court to end the turmoil.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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July 1998

PETITIONER'S APPENDIX

In the
United States Court of Appeals
for the Seventh Circuit

Nos. 96-3914 and 97-2108

THOMAS & BETTS CORPORATION and
THOMAS & BETTS HOLDINGS, INC.,

Plaintiffs-Appellants,

v.

PANDUIT CORPORATION,

Defendant-Appellee.

Appeals from the United States District Court for the
Northern District of Illinois, Eastern Division.
No. 94 C 2656—Morton Denlow, *Magistrate Judge.*

ARGUED OCTOBER 24, 1997—DECIDED MARCH 4, 1998

Before CUMMINGS, BAUER, AND ROVNER, *Circuit Judges.*

BAUER, *Circuit Judge.* In this case, plaintiffs Thomas & Betts Corporation and Thomas & Betts Holdings, Inc. appeal from the district court's grant of summary judgment to the defendant. The plaintiffs advance two primary theories with respect to Count I of their complaint, which alleged unfair competition on the part of defendant Panduit Corporation: 1) the district court erred in finding that a product configuration disclosed in a utility patent is not entitled to trademark protection; and 2) questions of fact exist which preclude the district court's grant of summary judgment. With respect to Count II of the complaint, which sought cancellation of one of the defendant's trademarks, the plaintiffs allege that the district court erroneously found that no questions of fact exist. Because we find that Thomas & Betts' contentions are

meritorious, we reverse the judgment of the district court and remand this case for trial.

BACKGROUND

This case is presently on its third sojourn to the court of appeals. On its first sally, we denied the defendant's motion to stay a preliminary injunction pending an appeal on the merits. *Thomas and Betts Corp. v. Panduit Corp.*, 34 U.S.P.Q.2d 1607 (7th Cir. 1994). During the next visit, we reached the merits of the defendant's appeal from the grant of a preliminary injunction to the plaintiffs, reversing the district court's decision because we found that the plaintiffs had not demonstrated a reasonable likelihood of success on the merits. *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 664 (7th Cir. 1995), *cert. denied*, ___ U.S. ___, 116 S. Ct. 1044 (1996) (hereinafter *"T&B I"*). In our present rendezvous, the plaintiffs appeal from the district court's grant of summary judgment to the defendant on all counts of their complaint. While we assume familiarity with our previous opinions, we will borrow from them in the following brief summary of pertinent facts.

The parties in this case are the nation's largest suppliers of cable ties, which, as their name implies, are small nylon belts used to bundle wires. Cable ties consist of a strap terminating at one end in a tapered tail and at the other in a head which incorporates a horizontal slit and locking mechanism. The strap is looped around the group of wires to be secured and the tail is inserted through the slit in the head and pulled tight, triggering the locking mechanism and prohibiting reverse movement of the tail. The result is a tight bundle of wires with only the thickness of the head (which is made as small as possible to avoid snagging) protruding above the strap and bundled wires.

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Cable ties feature either a one-piece or a two-piece locking mechanism. While we need not wade too heavily into the technical aspects of these mechanisms (a detailed explanation is provided in *T&B I*, 65 F.3d at 656), a brief description will further the understanding of this case. In a one-piece system, a nylon pawl is molded into the head of the cable tie, protruding into the slit in the head through which the strap of the tie passes. The pawl acts as a one-way ratchet, catching on ridges molded into the strap and preventing the strap from slipping out of the slit once the strap is tightened around the bundle of wires. At issue in this case is the two-piece tie, in which the nylon pawl is replaced by a metal barb inserted into the head of the tie. The metal barb sits in a slot transverse to the slit for the strap, and when the strap is pulled taut through the slit, the tension on the strap causes the barb to flex, bite into the nylon strap, and hold tight.

Plaintiff Thomas & Betts Corporation ("T&B") obtained a patent on the two-piece cable tie in 1965 (referred to throughout this opinion as the "Schwester patent"), which remained in effect until its expiration in 1982. The Schwester patent disclosed a two-piece cable tie with an oval head, metal barb, and transverse slot. While the slot, barb, and head portions of the cable tie were part of the claims of the Schwester patent, the oval shape was not; it was illustrated in a drawing of the cable tie and mentioned in the patent's specifications. At present, T&B markets a two-piece cable tie under the trademark "TY-RAP" which is essentially identical to that disclosed in the Schwester patent. In about 1994, defendant Panduit Corporation ("Panduit") began to produce a cable tie similar to that of T&B, sold under the trademark "BARB-TY." Panduit's product is substantially similar in appearance to that produced by T&B.

In response, T&B filed suit in the Northern District of Illinois on April 29, 1994, seeking a permanent injunction against

Panduit's manufacture of the BARB-TY product and asserting the following claims: 1) trade dress infringement pursuant to 15 U.S.C. § 1125(a); 2) unfair competition under 15 U.S.C. § 1125(a) and withdrawal of Panduit's "BARB-TY" trademark registration under 15 U.S.C. § 1064(3); 3) common law unfair competition; 4) violations of the Illinois Consumer Fraud and Deceptive Business Practices Act and the Uniform Deceptive Trade Practices Act; and 5) violation of the Illinois Anti-Dilution Act. T&B also sought a preliminary injunction against Panduit. The parties consented to proceed before a magistrate, and Magistrate Judge Ronald Guzman held an evidentiary hearing on T&B's motion for a preliminary injunction on July 19, 20, and 21, 1994. On December 19, 1994, Judge Guzman found in favor in T&B and entered a preliminary injunction against Panduit's copying of T&B's cable tie. *Thomas and Betts Corp. v. Panduit Corp.*, 1994 WL 714619 (N.D.Ill. 1994). Panduit appealed, and this court reversed. *T&B I*, 65 F.3d 654.

The case was subsequently transferred to Magistrate Judge Morton Denlow, and Panduit filed a motion for summary judgment on March 26, 1996. T&B filed its response on April 23, 1996, and oral argument was held on July 11. On August 15, 1996, Judge Denlow granted Panduit's motion with respect to Counts I, III, IV, and V of T&B's complaint. *Thomas & Betts Corp., v. Panduit Corp.*, 935 F. Supp. 1399 (N.D.Ill. 1996). After further briefing, the district court granted Panduit's motion with respect to Count II on October 17, 1996. *Thomas & Betts Corp. v. Panduit Corp.*, 940 F. Supp. 1337 (N.D.Ill. 1996). Final judgment was entered in favor of Panduit on the same day. On November 14, 1996, T&B filed a timely notice of appeal, and the case is now properly before this court.

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DISCUSSION

As a preliminary matter, we note that while the district court granted summary judgment to Panduit on all five counts of T&B's complaint, T&B is only appealing the district court's judgment on Counts I and II, the federal law claims brought by T&B. Since there is no challenge to the district court's grant of summary judgment on Counts III, IV, and V, we merely acknowledge the existence of these state-law claims for the sake of completeness and then bid them adieu for the remainder of this opinion.

I. Entitlement of Cable Tie Head to Trademark Protection.

The first, and foremost, issue presented in this appeal is a matter of law and a matter of first impression in the Seventh Circuit. Succinctly stated, the question is this: can a product configuration that is disclosed in an expired utility patent be protected as a trade dress under the Lanham Act?[1] The district court answered this question in the negative, holding that "the subject of an expired utility patent which is disclosed as the 'best mode' in the patent cannot be the subject of trademark protection with respect to the invention disclosed to the public." 935 F. Supp. at 1409. Since this is a conclusion of law, we examine the district court's holding *de novo. In the matter of 203 N. LaSalle Street Partnership,* 126 F.3d 955, 961 (7th Cir. 1997). We believe that the district court's sweeping holding misstates the law regarding the availability of trademark (or trade dress) protection for previously patented articles, and we reverse in this respect.

At the heart of this dispute is the relationship between patent law and the trademark law; thus, an appropriate place to begin is

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[1] In this opinion, we will use the terms "trade dress" and "trademark" interchangeably, since the applicable law, the Lanham Trademark Act, "provides no basis for distinguishing between trademark and trade dress." *Two Pesos, Inc. v. Taco Cabana, Inc.,* 505 U.S. 763, 773 (1992).

with a summary of the purposes of and policies behind each. The roots of patent law extend to the beginning of our country, with the Constitution providing that "The Congress shall have the power... [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST., art. I, § 8, cl. 8. To carry out this objective, American patent law offers "a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development." *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974). Not all inventions are patentable; such protection is limited to any "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof...."35 U.S.C. § 101. Furthermore, to be patented, any such item must fulfill three conditions: it must be novel, it must possess utility, and it must be nonobvious. 35 U.S.C. §§ 101, 102, 103; *see generally Kewanee,* 416 U.S. at 476-78. Those inventions meeting these statutory tests are granted patent protection, which gives the inventor a termed monopoly on the manufacture or exploitation of the device.[2]

In return for this monopoly on producing the patented article, the patentee must make an "adequate and full" disclosure of his invention so that, at the expiration of his monopoly, "the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use." *Kewanee,*

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[2] At the times relevant to this case, patent law provided that:

> Every patent shall contain a...grant to the patentee, his heirs or assigns, for the term of seventeen years,...of the right to exclude others from making, using, or selling the invention throughout the United States....

35 U.S.C. § 154 (1984). This section was amended by Congress in 1988 to provide a twenty year term of exclusion. *See* 35 U.S.C. § 154 (West Supp. 1997).

416 U.S. at 480-81 (quoting *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933)). In sum, our system of patent protection serves the following objectives:

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

Aronson v. Quick Point Pencil Co., 440 U.S. 257, 262 (1979) (citing *Kewanee*, 416 U.S. at 480-81).

Trademarks, by contrast, are not mentioned in the Constitution but are protected by the Lanham Trademark Act, 15 U.S.C. § 1051 *et seq.* Thereunder, a suitably aggrieved person has a federal cause of action against anyone who "on or in connection with any goods...uses in commerce any word, term, name, symbol, or device, or any combination thereof" in a manner which is likely to cause confusion as to the origin of the product. *See* 15 U.S.C. § 1125(a). The policies behind trademark protection have been outlined as follows:

> The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. . . . National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 198 (1985) (internal citations omitted).

In order to be registrable as a trademark, a mark must be capable of distinguishing the applicant's goods from those of others. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). Marks are classified according to their distinctiveness, and have been broken into the following categories: 1) generic; 2) descriptive; 3) suggestive; 4) arbitrary; and 5) fanciful. *Id.* (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976)). Marks classified as generic are not registrable as trademarks; in contrast, those which are suggestive, arbitrary, or fanciful are deemed inherently distinctive and are entitled to such protection. *Two Pesos*, 505 U.S. at 768. A descriptive mark, while not inherently distinctive, can be registered as a trademark if it acquires secondary meaning (that is, if it "has become distinctive of the applicant's goods in commerce"). *Id*, at 769 (quoting 15 U.S.C. § 1052(e) and (f)). In addition, protection under the Lanham Act is only afforded to nonfunctional marks. Thus, in summary, an identifying mark is distinctive and can be protected as a trademark if it is nonfunctional and if it either 1) is inherently distinctive or 2) has acquired distinctiveness through secondary meaning. *Two Pesos*, 505 U.S. at 769. With these policies in mind, we turn to the relationship between patent law and trademark law.

In its opinion, the district court found that allowing T&B trade dress protection for the head shape of its cable tie was "unsound public policy, contravenes the Patent Act and would defeat the expectations of the public and the parties." 935 F. Supp. at 1408. It noted that T&B understood, at the time it received its patent, that competitors would be able to copy the invention after seventeen years, and furthermore that the public expected to receive the benefits of patent disclosure (in this case, a competitive cable-tie market) after the seventeen years had passed. Accordingly, it found that anything less than a strict rule that the

best mode disclosed in a patent could be copied would defeat everyone's expectations. "If a prospective competitor must face the threat of Lanham Act litigation for 'slavishly copying' the invention, this would seriously undermine the Patent Act." *Id.* An underlying belief of the district court, then, is that the Patent Act and the Lanham Act are, at least to some extent, in conflict.

When confronted with apparently conflicting statutes which are "capable of co-existence, it is the duty of the courts, absent a clearly expressed congressional intention to the contrary, to regard each as effective." *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1018 (1984) (quoting *Regional Rail Reorganization Act Cases*, 419 U.S. 102, 133-34 (1974) (other citations omitted)). Unlike state laws prohibiting unfair competition, federal trademark protection cannot be pre-empted by patent law. *Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co., Inc.*, 963 F.2d 628, 638 (3d Cir. 1992). However, it has been noted that there is an "undeniable tension" between trademark protection of product configurations and patent law, *id.*, the subject to which we now turn.

In its brief, T&B argues that the district court erred in holding that the expired Schwester patent destroyed T&B's Lanham Act rights to protection of the shape of its cable tie head. First, T&B asserts that the right to copy stemming from patent law (which we discuss below) does not preclude the application of the Lanham Act to its cable tie head. As its first line of defense against T&B's attack, Panduit counters that when the Schwester patent expired, the cable tie depicted therein was dedicated to the public and that Panduit now has the right to copy it without interference from the trademark laws. This argument, on its face, is appealing. Patent law seeks to foster and reward invention by providing the inventor with a monopoly of limited duration; in return for that reward, the inventor must disclose his invention

and dedicate it to the public. Stemming from the inventor's dedication of the invention to the public, as the district court correctly noted, a "long line" of Supreme Court cases have held that federal patent law creates a right to copy inventions to which patent protection has been extended once the patent expires. The Supreme Court has explained this right to copy thusly:

> It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 185 (1896). *See also Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989) ("For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and use.'") (emphasis in original); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964) ("when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public"); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-20 (1938) ("upon expiration of the patents, the form ... was dedicated to the public."). Upon closer inspection, these cases are distinguishable from the present one, and their findings are not determinative here.

In *Bonito Boats* and *Sears*, the Supreme Court examined the relationship between federal patent law and *state* unfair competition law, not between federal patent law and federal trademark law. The holdings of these cases, then, has no effect on the scope

of federal trademark or unfair competition law. *See Esercizio v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992). Furthermore, as we noted in *Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993), the Florida statute at issue in *Bonito Boats* granted "patent-like rights far exceeding any right available under the Lanham Act" and its holding is not analogous to the present situation. *Kohler*, 12 F.3d at 641.

The *Singer* case is factually distinguishable from the present situation. In *Singer*, the Supreme Court found that it could not "be denied that the Singer machines were covered by patents .... There can also be no doubt that the necessary result of the existence of these patents was to give to the Singer machines, as a whole, a distinctive character and form which caused them to be known as Singer machines, as deviating and separable from the form and character of machines made by other manufacturers." *Singer*, 163 U.S. at 179. Unlike the present case, the "right to make the machine in the form in which it was constructed during the patent" applied because the machines' shapes were dictated by patents covering the machines' various components. In this case, the oval-shaped head of T&B's cable tie was not driven by the cable tie's components (i.e., the locking mechanism, tail, etc.). Thus, the context in which the Supreme Court applied the right to copy an invention whose patent had expired in *Singer* is different from that arising in the present case, and a strict application of *Singer's* principles does not support the district court's determination.

In *Kellogg*, the Supreme Court cited *Singer* in reaching the conclusion that Kellogg could utilize a pillow-shaped form in making shredded wheat biscuits despite the fact that a competitor had done so first. Analogous to the situation in *Singer*, however, patented machines were used by the competitor, and those machines "were designed to produce only the pillow-shaped

biscuits." *Kellogg*, 305 U.S. at 119. It seems, then, that the shape of the shredded wheat biscuit was dictated by the patented machines used to produce it, a situation not present in our case. Additionally, the competitor had taken out a design patent on the pillow-shaped form, something which T&B did not do with respect to the oval shape of its cable tie head. *Id.* The cases cited by Panduit, therefore, are distinguishable from the present case, and their discussions of the right to copy formerly patented articles are not determinative here.

Panduit's case is also seemingly strengthened by *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945), where the Supreme Court stated that:

> By the force of the patent laws not only is the invention of a patent dedicated to the public upon its expiration, but the public thereby becomes entitled to share in the good will which the patentee has built up in the patented article or product through the enjoyment of his patent monopoly. Hence we have held that the patentee may not exclude the public from participating in that good will or secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent, whether or not such matter describes essential elements of the invention or claims.

326 U.S. at 256 (citing *Kellogg*, 305 U.S. at 117-120 and *Singer*, 163 U.S. at 185).

In *Scott Paper*, however, the question presented was whether the assignor of a patent was estopped, by virtue of his assignment, from defending a suit for infringement of the assigned patent on the ground that the allegedly infringing device was that of a prior

art expired patent.[3] *Id.* at 250. In determining that assignor estoppel did not apply, the Court noted that the assigned patent covered a machine which was identical to a previously patented machine on which the patent had expired. *Id.* at 254. The Court held that assignor estoppel could not apply in *Scott Paper*, since the patent laws do not contemplate "that anyone by contract or any form of private arrangement may withhold from the public the use of an invention for which the public has paid by its grant of a monopoly and which has been appropriated to the use of all." *Id.* at 256-57. The case thus turned on the issue of assignor estoppel, and the Court's discussion of trademark law is merely dicta. *See T&B I*, 65 F.3d at 659 (same conclusion). The cases cited by Panduit in defense of the district court's decision are thus distinguishable from the present case.

Furthermore, the right to copy established in the cases cited by Panduit is far from absolute. In *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), the Supreme Court stated:

> Here Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases. It is true that the trial court found that the configuration of Day-Brite's fixture identified Day-Brite to the trade because the arrangement of the ribbing

[3] Marcalus was attempting to defend against the charge of infringement by alleging that the patent it had assigned was invalid. The argument of "assignor estoppel" presented by Scott Paper is "that an assignor of a patent right is estopped to attack the utility, novelty or validity of a patented invention which he has assigned or granted as against any one claiming the right under his assignment or grant. As to the rest of the world, the patent may have no efficacy and create no right of monopoly; but the assignor can not be heard to question the right of his assignee to exclude him from its use." *Scott Paper*, 326 U.S. at 251-52 (quoting *Westinghouse Electric & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 349 (1924)).

> had, like a trademark, acquired a "secondary meaning" by which that particular design was associated with Day-Brite. But if the design is not entitled to a design patent *or other federal statutory protection*, then it can be copied at will.

376 U.S. at 237-38 (emphasis added). This court has previously found that the Lanham Act "falls under the rubric of 'other federal statutory protection' " and that *Compco* (and its companion case, *Sears*, 376 U.S. 225) does not preclude federal trademark protection of designs. *Kohler*, 12 F.3d at 640 (citing *Esercizio*, 944 F.2d at 1241 (other citations omitted)).

Moreover, since setting forth the right to copy inventions unprotected by patent law, the Supreme Court has recognized that trademark law and patent law are not inherently in conflict. In *Bonito Boats*, the Court noted:

> Indeed, there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws. Section 43(a) of the Lanham Act, ... 15 U.S.C. §1125(a), creates a federal remedy for making "a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same ..." Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.

Bonito Boats, 489 U.S. at 166; *see also Application of Penthouse Intern. Ltd.*, 565 F.2d 679, 683 n.3 (C.C.P.A. 1977) ("As this court has often said, copyright, patent and trademark laws stem from different concepts and offer different kinds of protection,

which are not mutually exclusive.") Thus, in *Kohler*, we remarked that "courts have consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one statutory means for protection of intellectual property." *Kohler*, 12 F.3d at 638 (citations omitted).

The correct rule of law to be applied in this case is no different from that which applies in any other trademark infringement context and is exemplified in *Best Lock Corp. v. Schlage Lock Co.*, 413 F.2d 1195 (C.C.P.A. 1969). In *Best Lock*, the Court of Customs and Patent Appeals held that a feature of a product disclosed in an expired patent which serves a functional purpose is not entitled to trademark protection. *Id.* at 1199. By stating what types of features disclosed in a patent application *cannot* be accorded trademark protection, the court implicitly accepted that some disclosed features were not automatically disqualified from trademark protection by virtue of their disclosure. *Accord Application of Shenango Ceramics Inc.*, 362 F.2d 287 (C.C.P.A. 1966) (denying trademark protection because alleged distinguishing feature, which was disclosed in expired patent, was functional). The Tenth Circuit, in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, ____ U.S. ____, 116 S. Ct. 753 (1996) (discussed *infra*), did not foreclose this possibility. In *Vornado*, the court rejected trademark protection for the feature at issue because it was claimed in the patent and without it "the invention could not fairly be said to be the same invention." *Vornado*, 58 F.3d at 1510. Hence, the court did not refuse trademark protection because there is a blanket prohibition against a feature of an invention disclosed in a patent becoming a trademark. *Id.* Indeed, we have not found, nor has the appellee cited, any case which holds that any feature of a product somehow disclosed in a patent application cannot receive trademark protection (save, of course, the district court's opinion

below). Therefore, we find that there is no *per se* prohibition against features disclosed in a patent receiving trademark protection after the patent has expired. *See* 1 J. Thomas McCarthy, McCarthy on Trademarks §6.12 (4th ed. 1996) ("[T]here is no direct causal relationship between expiration of a patent on a product and the legal protectability of a trademark on that product.").

The safeguard against an impermissible extension of a patent monopoly by a trademark, as noted above, is the functionality doctrine: a configuration of an article cannot receive trademark registration if its purpose is to contribute functional advantages to the article or if the configuration results from functional considerations. *Best Lock*, 413 F.2d at 1199; *see also W.T. Rogers Co., Inc. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985) ("And provided that a defense of functionality is recognized, there is no conflict with federal patent law...."). The reasoning behind the exclusion of functional features from trademark protection is this:

> [S]ome articles, made in a purely arbitrary configuration (e.g., the wine bottle considered in [*Application of*] *Mogen David* [*Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964)] may *perform* a function, holding wine, which could equally well be served by containers of many other shapes, and in such circumstances the *incidental* function should not by itself preclude trademark registrability if the other conditions precedent are present. That is a quite different situation from a configuration whose purpose is to provide a functional advantage. Where such a functional purpose exists, the rule is... that the configuration is not registrable as a trademark. The reason is clear. If a configuration is functional in that sense, then everyone has the right to use the configuration for its functional purpose, subject only to such exclusive right for a *limited* time as *may* exist under the patent laws.

Best Lock, 413 F.2d at 1199; *see also Application of Deister Concentrator Co., Inc.,* 289 F.2d 496, 502 (C.C.P.A. 1961) ("A feature dictated solely by 'functional' (utilitarian) considerations may not be protected as a trademark; but mere possession of a function (utility) is not sufficient reason to deny protection."). The concept that the functionality of a feature precludes its registration as a trademark is well established, and there is no reason that it should not apply to features disclosed in expired patents. *See, e.g., Kellogg,* 305 U.S. at 122 ("Moreover, the pillow-shape must be used for another reason. The evidence is persuasive that this form is functional...."). However, as noted in *Best Lock,* the fact that a feature sought to be trademarked was contained in an expired patent is "some evidence" of functionality, and thus the existence of the expired patent must be taken into consideration in determining functionality. *Best Lock,* 413 F.2d at 1199 (citing *Shenango,* 362 F.2d at 291-92); *see also In re Deister,* 289 F.2d at 501 ("We...see no reason to consider appellant's patents except to the extent they may contain evidence of the functionality of the...shape sought to be registered....").

Both of the parties have cited (as did the district court) only one case which is almost directly on point with the issue currently before us. In *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.,* 58 F.3d 1498 (10th Cir. 1995), *cert. denied,* ___ U.S. ___, 116 S. Ct. 753 (1996), the Tenth Circuit held that where a disputed product configuration is part of a claim in a utility patent and is a described, significant inventive aspect of that invention, patent law prohibits the configuration from being protected as a trade dress even if it is nonfunctional. *Vornado,* 58 F.3d at 1510. The court defined a "significant inventive aspect" of an invention as one without which "the invention could not fairly be said to be the same invention." *Id.* The Tenth Circuit cautioned that in future cases, the contribution of a particular configuration to the

inventiveness of the patented product may not be clear, and it might be necessary for the district court to conduct a factual inquiry to supplement the court's reading of the patent's claims and descriptions. *Id.* However, because the facts before the court in *Vornado* clearly showed that the product configuration in question was a significant inventive aspect of the patented invention, no hearing was necessary and the Tenth Circuit found that the product configuration in question was not entitled to trademark protection. *Id.*

This case is distinguishable from *Vornado*, however, in one basic respect: the shape of the head of T&B's cable tie is not part of the claims in the Schwester patent, and the strict holding of *Vornado*, were we to adopt it, would not be dispositive of the question before us.[4] Our finding is contrary to that of the district court, which stated that "it is the determination of this Court that the oval shaped clinching eyelet is part of the claimed patent . . . ." 935 F. Supp. at 1410. T&B has challenged this finding, see Appellants' Brief at 16-17, and we determine that it is erroneous. The construction and interpretation of a patent claim is a matter of law exclusively within the province of the court. *Markman v. Westview Instruments, Inc.*, ___ U.S. ___, 116 S. Ct. 1384, 1387 (1996). Accordingly, we review the findings of Magistrate Judge Denlow with regard to the claims contained in the Schwester patent *de novo. Regents of the University of California v. Eli Lilly & Co.*, 119 F.3d 1559, 1572 (Fed. Cir. 1997), *petition for cert. filed* (Jan. 21, 1998). In doing so, we find that the district court's determination that the oval-shaped head was claimed in the Schwester patent is erroneous.

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[4] Although we noted this fact in *T&B I*, 65 F.3d at 659-60, we went on to discuss whether the differences between the present case and *Vornado* dictated a different result. Our discussion of this issue was purely dicta, however, since the outcome of the case was resolved on another basis, and does not constitute the law of the case or any other binding precedent for our current consideration.

The claims as set forth in the Schwester patent, on which the district court based its determination, are as follows:

What is claimed is:

1. A self clinching bundling strap comprising a head-end portion, a tapered tail-end portion and a body portion therebetween, said head-end portion having a transverse aperture therethrough and including an eyelet portion projecting from one side thereof with a gusset therebetween on the strap side of said eyelet, said eyelet portion having a rectangular slot in the end face thereof in alignment with and extending into said gusset forming a rectangular recess therewith within said eyelet portion in communication with said aperture, and a resilient metallic tongue having one end portion thereof imbedded in said gusset with its opposite end portion extending through said recess into said aperture and across the axial center thereof at an acute angle thereto presenting a line edge transversely of the axial center of said aperture adapted for locking the body portion of said strap in minute increments of adjustment against relative reverse movement when looped upon itself through said aperture.

2. A self clinching bundling strap comprising a head-end portion, a tapered tail-end portion and a body portion therebetween, said head-end portion having a transverse aperture therethrough and including an eyelet portion projecting from one side thereof with a gusset therebetween on the strap side of said eyelet portion, said eyelet portion having a pair of rectangular slots in the free end face thereof in alignment with said gusset, one of said slots extending into said gusset and forming therewith a rectangular recess within said eyelet portion in communication with said aperture, and a resilient metallic tongue having one end portion thereof embedded in said gusset with its opposite end portion extending through

said recess into said eyelet portion and across the axial center thereof at an acute angle thereto and presenting a line edge transversely of the axial center thereof adapted for locking the body portion of said strap in minute increments of adjustment against relative reverse movement when looped upon itself through said aperture, said other rectangular slot providing clearance for the angular insertion of said metallic tongue into said gusset.

3. A self clinching bundling strap comprising a head-end portion, a tapered tail-end portion and a body portion therebetween, said head-end portion having a transverse aperture therethrough including an eyelet portion projecting axially from one side thereof with a gusset therebetween on the strap side of said eyelet portion, said eyelet portion having a rectangular slot in the end face thereof in alignment with said gusset, said slot extending into said gusset and forming therewith a rectangular recess within said eyelet portion in communication with the aperture through the head-end portion of said strap, and a flat resilient metallic tongue having a substantially symmetrical pointed end portion thereof imbedded in said gusset with its opposite end portion extending through said recess into said aperture at least to the axial center thereof at an acute angle thereto and presenting a bevelled (sic) end face defining a knife edge transversely of the axial center of said aperture adapted for engaging and locking the body portion of said strap in minute increments of adjustment against relative reverse movement when looped upon itself through said aperture.

Schwester Patent, Appendix to Parties' Briefs at 501 (hereafter "App."). Despite the advanced level of legalese with which these claims are drafted, they resemble English closely enough for us to clearly discern that the oval-shaped head of T&B's cable tie is not

part of the claimed invention. The claims do mention a "head-end portion," but no shape is contemplated therein. We therefore find that, as a matter of law, the oval shape of T&B's cable tie is not part of the invention claimed in the Schwester patent, and that the district court erred in determining that it was. In sum, the preceding long journey has brought us to the conclusion that the strict holding of *Vornado* is not applicable in the instant case, and it does not foreclose our reasoning above.

T&B also argues that the district court erred in finding that the oval-shaped head was part of the "best mode" set forth (as required) in the Schwester patent, and also erred as a matter of law when it determined that the "best mode" contained in an expired patent could be copied without interference from the Lanham Act. Since our previous discussion addresses these concerns, we need not reach their merits here.

In summary, we find that the district court's legal conclusion that the disclosure of a feature in an expired patent (whether as the "best mode" or otherwise[5]) automatically precludes trademark protection is erroneous. Instead, because the oval shape of the head is not part of the claims of the patent, the appropriate test to apply in determining whether Panduit's cable ties infringe on T&B's rights in the oval shape is that which applies in any other trade dress (or trademark) infringement case. As such, we reverse the district court's legal conclusions. Our holding does not render the entire judgment of the district court erroneous, however. Recognizing that this was a matter of first impression in the Seventh Circuit, the district court applied the traditional test to T&B's claims, finding that even thereunder T&B's trade dress

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[5] Since we do not separately reach the merits of this argument, we need not decide whether T&B's assertion that the oval-shaped head was not part of the "best mode" is correct.

infringement claim must fail. T&B challenges this finding as well, the subject to which we now turn.

II. Merits of Trade Dress Infringement Claim

As previously noted, the court found that Panduit was entitled to summary judgment on all of the counts in T&B's complaint. T&B argues that the district court erred in finding that there were no genuine issues of material fact on any of the elements of its trade dress infringement claim and asserts that we should reverse. We review the district court's grant of summary judgment *de novo*. *McGinn v. Burlington Northern Ry. Co.*, 102 F.3d 295, 298 (7th Cir. 1996) (citation omitted). Summary judgment is appropriate where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." FED.R.CIV.P. 56(c); *see Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986). We view the record and extract all reasonable inferences from it in the light most favorable to the nonmoving party. *McGinn*, 102 F.3d at 298 (citation omitted). Only disputes that could affect the outcome of the suit under governing law will preclude an entry of judgment for the moving party. *Id.*

1. General Legal Principles

In order to prevail on a claim of trade dress infringement, a plaintiff must show that 1) its trade dress is either inherently distinctive or has acquired secondary meaning, and 2) that the similarity of the defendant's trade dress causes a likelihood of confusion on the part of consumers as to the source or affiliation of the products. *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 380 (7th Cir. 1996) (citing *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994) (other citations omitted)). If

the plaintiff successfully establishes these elements, the defendant can prevail if the defendant demonstrates that the plaintiff's trade dress is functional. *Id.* The district court found that T&B failed to demonstrate either that the oval head had acquired secondary meaning or that there was a likelihood of confusion on the part of consumers, and also that, in any event, the oval head was functional and not subject to trademark protection. T&B challenges each of these findings, which we examine in turn.

2. Secondary Meaning

" '[S]econdary meaning' is acquired when 'in the minds of the public, the primary significance of a product feature...is to identify the source of the product rather than the product itself.' " *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163 (1995) (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982)). Secondary meaning can be established "through direct consumer testimony, consumer surveys, length and manner of use, amount and manner of advertising, volume of sales, place in the market and proof of intentional copying." *Spraying Systems Co. v. Delavan, Inc.*, 975 F.2d 387, 393 (7th Cir. 1992) (citing *Echo Travel, Inc. v. Travel Assocs., Inc.*, 870 F.2d 1264, 1267 (7th Cir. 1989) (other citations omitted)).

Before turning to our discussion, we note that in *T&B I* we reversed a preliminary injunction issued by Magistrate Judge Guzman because we found that T&B had failed to show that the oval-shaped head had acquired secondary meaning. Our findings there, however, are not binding on us here, and were not binding on the district court when it considered the motion for summary judgment. "A court must be cautious in adopting findings and conclusions from the preliminary injunction stage in ruling on a motion for summary judgment...." *Communications Maintenance, Inc. v. Motorola, Inc.*, 761 F.2d 1202, 1205 (7th Cir. 1985). This

caution is necessary for two reasons: first, findings of fact and conclusions of law made at the preliminary injunction stage are often based on incomplete evidence and a hurried consideration of the issues; and second, different standards apply in the two contexts (reasonable likelihood of success on an injunction, and the existence of any genuine issues of material fact on summary judgment). *Id.* Therefore, we are not bound by the determinations we made in *T&B I* in our present consideration, although we view the evidence with due regard to our previous discussion.

T&B attacks the district court's determination that it failed to raise any issues of material fact with respect to the issue of secondary meaning. First, the district court examined T&B's advertising, noting that it "describes the utilitarian aspects of the oval head and does not encourage consumers to identify the oval head with T&B." 935 F. Supp. at 1414. This discussion was consistent with our finding in *T&B I,* in which we observed that T&B's advertising, when it did mention the oval-shaped head, was touting the functional advantages of the head. Such advertising, we noted, weighs against a finding of secondary meaning and instead supports the inference that consumers consider the claimed trade dress a desirable feature rather than an indicator of source. *T&B I,* 65 F.3d at 662. As we discuss in detail below under functionality, we now find that material questions of fact exist regarding whether T&B's advertisements tout functional aspects of the *oval shape* of the head or rather of *other aspects* of the head which could exist regardless of its shape.

Furthermore, T&B has presented advertisements which show the oval-shaped head without mentioning any advantages of the tie at all. *See, e.g.,* App. at 333 (photograph of ties showing oval heads), 279 (locked tie with oval head), 289 (illustration of tie with oval head). The district court noted that T&B's product manager stated that head shape was never advertised as a way to

identify T&B as the producer of the ties. 935 F. Supp. at 1414. We note that this is not an accurate characterization of the testimony, which only established that he was not aware of any such advertising, not that none actually existed. *See* App. at 555. However, there is no hard-and-fast rule establishing that the shape of a product must be specifically pointed out in advertising in order for that advertising to be considered as evidence of secondary meaning.[6]

As we noted in *T&B I*, advertising which encourages consumers to identify the claimed trade dress with the particular producer is some evidence of secondary meaning. 65 F.3d at 662 (citing *First Brands Corp. v Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987)). While we utilized as an example of such advertising the phrase "look for the oval head," we did not establish that such explicit direction was necessary. The advertising which prominently features the oval-shaped heads of T&B's ties could also function to draw consumers' attention to the shape and to associate it with T&B. Whether it succeeded in doing so, however, is a question of fact which cannot be resolved on summary judgment. Thus, we find that the advertising presented by T&B raises material questions of fact regarding secondary meaning in this case.

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[6] In its brief, Panduit cites *Textron, Inc. v. U.S. Int'l Trade Comm'n*, 753 F.2d 1019, 1027 (Fed. Cir. 1985), for the proposition that the mere depiction of a configuration does not establish trademark rights through advertising. *Textron* is distinguishable, however, since it involved an appeal from a decision of the International Trade Commission (not a motion for summary judgment) and since Textron had apparently shown the silhouette of its product, not a picture of the product itself, in its advertising. We are not persuaded that *Textron* has established a *per se* rule that the feature sought to be protected must be specifically highlighted, and we decline to establish such a rule here.

T&B also points to affidavits it supplied to the district court, arguing that they establish that for at least some consumers the primary significance of the oval-shaped head is to denote T&B as the manufacturer. With regard to one of the affidavits, that of E. LeRoy Larson, it appears that the district court improperly engaged in credibility determinations. In its opinion, the district court stated that Larson is employed by T&B and that, as this Circuit has noted, testimony of a party's own representative should be discounted. *See* 935 F. Supp. at 1416. However, it is not the province of the district court to so discount testimony on a motion for summary judgment; it must make all reasonable inferences in favor of the non-movant (i.e., T&B). In addition, the district court found that none of the declarants stated that they cared that the cable ties with oval heads were manufactured by T&B, and that the declarations therefore did not establish secondary meaning. 935 F. Supp. at 1416. In so finding, the district court relied on language in *T&B I*, where we stated that consumers must not only associate the form of a product with a particular producer, but also must care that the product comes from a particular producer. 65 F.3d at 658-59. Because we believe that our language caused a misunderstanding about the applicable law, we will take this opportunity to clarify our previous decision.

Rather than establishing a new test for secondary meaning, as T&B understands it, our reference to "must care" attempted to shed light on the application of the primary significance test in cases where a previously-patented product is at issue. In *T&B I*, our "must care" language was derived from *Sinko v. Snow-Craggs Corp.*, 105 F.2d 450 (7th Cir. 1939), in which this court stated:

> Sinko created a desire on the part of the public for one of two things, either for knobs made by Sinko, above all other knob makers, or for knobs made in a particular manner regardless of who made them. If it is the first situation, the law of unfair

> competition gives Sinko the right to monopolize or to exclude other makers from copying the product. If it is the latter situation, Sinko receives no such right to monopolize, even though he might have been the first one to make the article in the particularly desirable manner.

105 F.2d at 453. The *Sinko* case involved a different scenario than the present case, however. There, Sinko and another manufacturer, Snow-Craggs ("Cragg"), were both selling plain "Brodie knobs,"[7] In 1936, Sinko threw a wrench into the machine when it began to adorn its knobs with a jewel, a practice which had been used in the automotive industry for years in connection with such items as lighters and dashboard lights. The public soon developed a fancy for the jeweled knobs, a fact noticed by Cragg. Later that same year, Cragg decided that it wanted a piece of the jeweled-knob market and attempted to enter into a supply agreement with Sinko. Negotiations failed, however, and Cragg began to manufacture jeweled knobs itself. Displeased, Sinko filed a trade dress infringement suit to stop Cragg's selling of jeweled knobs. *Sinko,* 105 F.2d at 451. The district court found in favor of Sinko, enjoining Cragg from producing the knobs; this court reversed, finding that Sinko had failed to establish that its knobs had acquired secondary meaning.

One difference between the present case and *Sinko* that we did not note in *T&B I* is the timeline involved: Sinko's jeweled knob was on the market for less than a year when Cragg began manufacturing its product, whereas T&B's oval-headed tie was produced for about 30 years before Panduit's tie came on the market (and for a period of approximately ten years between the

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[7] These knobs attached to a car's steering wheel and allowed the driver to turn the car by spinning the knob rather than by turning the wheel itself. Young people of the day referred to them as "necker's knobs" since only one hand was used to turn the wheel. Power steering made the knobs obsolete.

time the Schwester patent expired and the time Panduit began developing its barbed cable tie). *See* App. at 225, 398. Additionally, we found in *Sinko* that the fact that jewels had been used on other automotive accessories for such a long time rendered it unlikely that a jewel could ever become an indicator of any particular manufacturer. *Sinko,* 105 F.2d at 453. In contrast, there is no evidence in this case that oval-shaped heads were widely (or even ever) used in the electrical industry prior to T&B's usage. To the extent *Sinko* required testimony establishing that consumers care that a product comes from a particular producer to establish secondary meaning, we find that our case is factually distinguishable and that such evidence is not mandated here.

It is true, as we noted in *T&B I,* that when the first producer in the market manufactures a product under a patent (and thus, for a period, is the exclusive producer), an association between the product's trade dress and that manufacturer may be inevitable. 65 F.3d at 658-59. It is this concern we attempted to address in *T&B I,* and we believe that evidence which shows that the association between the trade dress and the manufacturer is caused by something other than the expired patent is required. Such evidence need not take the form of explicit testimony from consumers stating that "I care that X produced this product," however-circumstantial evidence showing that the connection is independent of the patent is sufficient. As we discuss below, T&B did present such evidence by showing that it produced its oval-headed ties for over ten years between the time its monopoly ended and the time that any other manufacturer began making such ties. This evidence is sufficient to raise an inference that any consumer connection between oval-headed cable ties and T&B was not related to its former monopoly status.

In summary, then, we clarify our opinion in *T&B I* by stating that when a trade dress sought to be protected was formerly contained in a patent, evidence establishing secondary meaning must also show that any connection between the trade dress of the product and its producer does not primarily stem from the expired patent. This ensures that there is a true connection between the producer and the product in the minds of consumers, and avoids any problem regarding whether secondary meaning can develop during a period when competition is stifled by some other type of protection. *See Merchant & Evans*, 963 F.2d at 633 n.3.

With this discussion in mind, the district court's determination that the distributor declarations produced by T&B failed to raise a genuine issue of fact on the issue of secondary meaning is incorrect. The court correctly noted that "[f]our distributors and two consultants, all of whom have considerable experience in the electrical industry, state unequivocally in their declarations that they recognize and associate the oval shape of T&B's two-piece, barbed cable tie with T&B and can identify products as T&B products by that oval shape." 935 F. Supp. at 1416. The court also correctly rebuffed Panduit's contention that this testimony was not relevant because the declarants were not "consumers." Citing *Sassafras Enterprises, Inc. v. Roshco, Inc.*, 915 F. Supp. 1, 7 (N.D.Ill. 1996), the court stated that when the relevant buyer class consists of dealers and ultimate consumers, the state of mind of dealers is important. *Id.* Since the complaint stated that T&B sells its products primarily through distributors, the court determined that these declarations could properly be considered. *Id.* at 1416. However, the court found that the declarations raised no issues of material fact because none of the declarants stated that they cared whether they received a Panduit tie or a T&B tie. Since, as we noted above, consumers need not provide direct testimony that they care, the determination of the district court

that the declarations fail to raise an inference of secondary meaning is incorrect.

T&B also contends that the district court improperly found that a consumer survey produced by T&B was flawed and did not support an inference of secondary meaning. In support of its motion for a preliminary injunction, T&B presented a survey ("1994 survey") which we found to be flawed because it did not separate the allegedly protectable trade dress from clearly non-protectable elements. *T&B I*, 65 F.3d at 662-63. The 1994 survey asked consumers to identify the source of several cable ties by looking at the whole tie, and as the survey itself noted, many of the respondents' first responses related to the metal clip. This fact led to our conclusion that "[a] survey which asks consumers to identify the source of a product based on its overall configuration when most of the product's configuration is functional is worthless in determining whether a particular product feature has acquired secondary meaning." *Id.* Taking its cue from our discussion, T&B commissioned another survey in response to Panduit's motion for summary judgment, which again sought to test whether T&B's oval head had acquired secondary meaning. ("1996 survey"). To avoid the problems of the 1994 survey, the 1996 survey was designed to test whether shape alone acts as an indicator of source independent of any source identification arising from the overall configuration ("part I") and also to test whether the primary significance of the oval head was identifying T&B or was related to some utilitarian function ("part II"). *See* App. at 371.

The district court found, and Panduit argues here, that the 1996 survey was flawed because the interviewees were not consumers, the group the survey instructions indicate it was designed to test (App. at 390), but rather were store personnel in electrical supply stores. App. at 371. As we discussed above, when, as here, the relevant market includes both distributors and ultimate purchasers,

the state of mind of dealers is important in determining if secondary meaning exists. While the fact that no ultimate consumers were surveyed may be relevant in determining the weight the survey should be given by the finder of fact, it does not render the 1996 survey meaningless for determining if secondary meaning exists. The same analysis applies to Panduit's assertion that the survey had no evidentiary value because it was designed for consumers but used on salespeople. The district court's determination that part I of the 1996 survey did not establish secondary meaning or raise any issues of fact because ultimate consumers were not interviewed is therefore incorrect.

Panduit argues on appeal that we should nevertheless ignore the 1996 survey because its results were erroneously combined with the results of the 1994 survey and because it did not test whether consumers cared about the source of the cable ties. We disposed of Panduit's second contention above, and need not discuss it again here. While we agree that the 1994 survey is flawed and should not be used in determining secondary meaning, the fact that the results of the 1994 and 1996 surveys were combined in a report detailing the findings of the 1996 survey does not render the data meaningless. The raw numbers of people naming T&B as the manufacturer of the oval-headed tie are reported as well (*see* App. at 377), and the data can be reanalyzed to remove the offending 1994 survey results. Taking the evidence contained in the 1996 survey in a light most favorable to T&B, questions of fact are raised on the issue of secondary meaning.

The district court also found that part II of the 1996 survey did not establish secondary meaning, since the 30% recognition was insufficient to establish secondary meaning. The court cited *Spraying Systems,* 975 F.2d at 394, for the proposition that "[w]hile a 50-percent figure is regarded as clearly sufficient to

establish secondary meaning, a figure in the thirties can only be considered marginal." 935 F. Supp. at 1415. Our discussion in *Spraying Systems,* however, did not establish that any recognition figure under 50% could not establish secondary meaning. We noted that figures in the 30% range were marginal and did not establish secondary meaning as a matter of law. Such evidence is still probative of the issue of secondary meaning, and the factfinder should weigh that fact with all of the other evidence to determine if secondary meaning exists. The district court's determinations with regard to the 1996 survey are incorrect, and the survey provides relevant evidence of secondary meaning which raises material questions of fact.

An additional factor that is important in determining secondary meaning, which the district court did not examine, is the time, if any, that T&B continuously and exclusively produced the oval-headed cable ties. *Stuart Hall Co., Inc. v. Ampad Corp.,* 51 F.3d 780, 789-90 (8th Cir. 1995). As we discussed above, there is evidence that, at least with respect to Panduit, more than ten years passed between the time that the Schwester patent expired and the time that Panduit began manufacturing its ties. Under the Lanham Act, five years' use weighs strongly in favor of secondary meaning. *Id.*(citing 15 U.S.C. § 1052(f) (trademark commissioner may accept five years' exclusive and continuous use of a mark as prima facie evidence of secondary meaning)). *See Two Pesos,* 505 U.S. at 768 ("the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).")(citations omitted). This evidence has some bearing on the issue of secondary meaning, and it should have been considered by the district court. T&B raises other such evidence not considered by the district court (e.g., volume of sales, evidence of actual confusion, etc.); however, we

need not discuss it in detail in light of our determinations above. Also, Panduit's various objections that certain evidence presented by T&B is inadmissible are improper, since evidentiary questions should be brought in the district court and not for the first time on appeal. Therefore, we find that the district court erred in finding that no issues of material fact exist with respect to secondary meaning in this case.

3. Likelihood of Confusion

Even though it found that T&B had failed to demonstrate that its cable ties had acquired secondary meaning, the district court proceeded to a discussion of the likelihood of confusion. A number of factors must be examined when determining if a likelihood of confusion exists between the trade dresses of two products. These include: 1) the similarity of the trade dresses; 2) the area and manner of concurrent use; 3) the degree of care likely to be used by consumers; 4) the strength of the plaintiff's trade dress; 5) actual confusion; and 6) intent of the defendant to pass off its product as that of the plaintiff. *Dorr-Oliver,* 94 F.3d at 382 (citations omitted). When considering whether there is a likelihood of confusion, none of these factors considered alone is dispositive, and the weight to be accorded each varies from case to case. *Meridian Mutual Ins. Co. v. Meridian Ins. Group, Inc.,* 128 F.3d 1111, 1115 (7th Cir. 1997)(citing *Smith Fiberglass Prods., Inc. v. Ameron, Inc.,* 7 F.3d 1327, 1329 (7th Cir. 1993)(other citations omitted)). When making its inquiry, the court must compare the trade dresses " 'in light of what happens in the marketplace,' not merely by looking at the two. . . side-by-side." *Meridian,* 128 F.3d at 1115 (quoting *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976)).

The district court did not consider all six of the aforementioned elements (indeed, it did not even mention them), but found that

there was no likelihood of confusion between the litigants' cable ties. The court focused on only several pieces of evidence, including the fact that each cable tie made by Panduit and T&B has the company's respective name stamped on it. Citing the fact that the Supreme Court had found in *Kellogg*, 305 U.S. at 121, that no likelihood of confusion arose even though two similar products were not individually labeled, the district court held that it would "fly in the face of established precedent" to find a likelihood of confusion here. 935 F. Supp. at 1417. This cursory discussion does not remotely fulfill the court's duty to conduct an examination in light of what occurs in the marketplace, and its finding is improper. Our examination of both T&B's ties and Panduit's ties reveals that each company embosses its name on the ties in the same color as the rest of the tie, rendering the name difficult to see. *See, e.g.*, Plaintiff's Exhs. 191 and 36B. The names are especially difficult to see on smaller ties (e.g., Plaintiff's Exhs. 34A and 35A), and can only be seen after the tie is turned and manipulated. Given our difficulty in discerning the names upon a close inspection, a question of fact exists as to whether the names stamped on each tie prevent the ties from being confused.

The district court also noted that T&B submitted an affidavit by Lloyd Francis, a T&B employee. In his affidavit, Francis stated that he regularly addresses customers' problems with T&B products. While visiting one customer, a production engineer approached him and asked what T&B had done to its ties, since problems were occurring with the metal barbs falling out. After closely inspecting the tie, Francis discovered that the broken tie was a Panduit product, not a T&B product, to which the engineer expressed surprise and puzzlement. *See* Declarations in Opposition to Motion for Summary Judgment, Rec. Doc. 252 (filed under seal). The district court dismissed this evidence, stating that it "does not establish a likelihood of confusion." The court

noted that Panduit's only obligation is to use "every reasonable means" to prevent confusion, and found that Panduit has done so. 935 F. Supp. at 1417 (quoting *Kellogg*, 305 U.S. at 121). This finding is inappropriate and suggests that the court engaged in weighing the evidence, which is improper on a motion for summary judgment. The affidavit establishes that actual confusion has taken place between Panduit and T&B ties, and we have held that evidence of actual confusion, where it exists, is entitled to substantial weight. *Meridian*, 128 F.3d at 1118 (citations omitted). The decision of how much weight such evidence should be given is the province of the fact finder, not the court on a motion for summary judgment. Similarly, whether Panduit did all that it can to prevent confusion is an issue that is not properly decided at present. These findings by the district court are improper at this stage of the proceedings, and material issues of fact exist.

Similarly, the district court found (without much elaboration) that Panduit's labeling and packaging distinguish its ties from those of T&B. T&B picked up this theme in its brief, arguing that packaging is immaterial because regardless of packaging, post-sale confusion is likely to occur. We have previously recognized that post-sale confusion can precipitate a cause of action for trademark infringement, *Libman Co. v. Vining Industries, Inc.*, 69 F.3d 1360, 1362-63 (7th Cir. 1995), *cert. denied*, ___ U.S. ___, 116 S. Ct. 1878 (1996), and T&B presented evidence which showed that the companies' packaging would not avoid such confusion. Both T&B and Panduit sell their cable ties in bulk packages (i.e., packages containing a large quantity of ties) marked with a label containing their respective names. Evidence presented by T&B showed, however, that some distributors break up the bulk packages, repackaging the cable ties for sale in smaller quantities. *See* App. at 154 (testimony of James Taggart) and 171 (testimony of William O'Neill). This evidence counters

Panduit's arguments that packaging eliminates any likelihood of confusion between the companies' products, and raises issues of fact in this respect as well.

The parties raise some additional arguments in their briefs, but we need not discuss them here since no one factor is controlling and all of the factors must be weighed as a whole. We find, therefore, that the district court erroneously determined that no issues of fact remained with respect to the likelihood of confusion between the products of T&B and Panduit.

4. Functionality

Finally, the district court also looked to whether the oval-shaped head of T&B's cable tie is functional. Even though we have found that questions of fact exist with regard to the issues of secondary meaning and likelihood of confusion, summary judgment may still have been properly granted in Panduit's favor. This is because an affirmative defense exists to trade dress infringement: if the defendant can demonstrate that the element sought to be protected is functional, the plaintiff loses. *Badger Meter*, 13 F.3d at 1151 n.5; *Dorr Oliver*, 94 F.3d at 380. The district court found that Panduit satisfied its burden of proof and demonstrated that the oval-shaped head was functional, entitling Panduit to judgment as a matter of law. As with the district court's other determinations, we review this issue *de novo*.

In this Circuit, a "feature is functional if it is one that is costly to design around or to do without, rather than one that is costly to have." *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1189 (7th Cir. 1989) (citing *W.T. Rogers*, 778 F.2d 334). The fact that the feature at issue serves some function is not enough; to be functional in the trade dress sense, the feature must be "necessary to afford a competitor the means to compete effectively."

Id. at 1188. In *W.T. Rogers*, we discussed the concept of functionality as follows:

> If the feature is ornamental, fanciful, decorative, like the patterns on a piece of china or of silverware, then the manufacturer can use it as his name, his symbol, his identifying mark. Ornamental, fanciful shapes and patterns are not in short supply, so appropriating one of them to serve as an identifying mark does not take away from any competitor something that he needs in order to make a competing brand. But if the feature is not ornamental or fanciful or whimsical or arbitrary, but is somehow intrinsic to the entire product consisting of this manufacturer's brand and his rivals' brands, trademark protection will be denied. The name of this principle is "functionality".... Thus the first company to make an airplane cannot use the characteristic shape of an airplane as is trademark, thereby condemning its rivals to build airplanes that won't fly.... A firm that makes footballs could not use as its trademark the characteristic oval shape of the football, thereby forcing its rivals to find another shape for their footballs; since they wouldn't be able to sell any round or oblong or hexagonal footballs, that firm would have, not an identifying mark, but a product monopoly, and a product monopoly not for a term of years as under the patent laws but forever.
>
> The football's oval shape is "functional" in the following practical sense: it would be found in all or most brands of the product even if no producer had any desire to have his brand mistaken for that of another producer. A feature functional in this sense—a feature that different brands share rather than a feature designed to differentiate the brands—is unlike those dispensable features of the particular brand that, like an arbitrary identifying name, rivals do not need in order to

> compete effectively. So if an automobile manufacturer places at the front end of its hood a statue of Mercury, it can if it wants make this its trademark (or one of its trademarks), because its competitors do not need a statue of Mercury on the hoods of their cars in order to be able to compete. To put this differently, a functional feature is one which competitors would have to spend money not to copy but to design around, as they would have to do if they wanted to come up with a nonoval substitute for a football. It is something costly to do without (like the hood itself), rather than costly to have (like the statue of Mercury).

W.T. Rogers, 778 F.2d at 339 (citations omitted).

If the defendant is able to show that the feature which assertedly gives a product distinctiveness is one "'of a few superior designs for its *de facto* purpose, it follows that competition is hindered' ... and trademark protection will be denied." *W.T. Rogers,* 778 F.2d at 340 (quoting *In re Bose Corp.,* 772 F.2d 866, 872 (Fed.Cir. 1985)). Panduit attempted to follow this route in part, arguing in the district court that all of the cable ties on the market have either oval or square heads (with slight variation). *See* Panduit's Memorandum in Support of Motion for Summary Judgment at 11-12. In response, T&B introduced into evidence other head shapes that could be utilized on a cable tie and which would fit within the government specifications. *See* App. at 511-25. Panduit attacks these alternative designs in several respects, first by arguing that T&B's own expert, Michael Lazar ("Lazar"), testified that the shapes would not operate as drawn. "Because they are inoperable," Panduit argues, "they are not alternative shapes with which Panduit could 'compete effectively,' and properly were not considered by the lower court." *See* Appellee's Brief at 22. T&B presented contrary explanatory evidence in the district court, raising material issues of fact with

regard to these alternate designs. From the drawings, it is clear that the tail end is too wide to fit through the aperture in the cable tie head (*see, e.g.,* App. at 511). However, Lazar noted that this problem arose because "[i]t appears to be drawn incorrectly," and did not admit that the proffered designs were fatally flawed. *See* App. at 564. Indeed, Lazar stated that "these are merely illustrative and not necessarily based on any finite dimensions. They merely illustrate a concept rather than a finite design." *Id.* Thus, the fact that the alternate shapes may not operate *as drawn* does not settle the question of whether such designs could be effectively marketed, and a material issue of fact exists.

Panduit also stresses that there are only a finite number[8] of shapes in which cable ties can be made and still fit within military specifications, and also that at present all of the cable ties on the market have either essentially square or oval heads. As such, Panduit argues, it cannot compete effectively in the cable tie market if it cannot use an oval-shaped head. *See* Appellee's Brief at 25. The fact that only several shapes are currently on the market, however, does not establish as a matter of law that the oval shape is functional. As we have found in the past, the fact that several (or even only one) shape is currently marketed is relevant to, but not dispositive of, the functionality issue. Other factors, including the effect upon retail price and the costs which Panduit would incur if forced to use a head shape other than oval, must also be considered. *Abbott Labs. v. Mead Johnson & Co.,* 971 F.2d 6, 22 (7th Cir. 1992). The district court noted in its decision that T&B had presented evidence that: 1) the hypothetical shapes would use an equal or smaller amount of material as

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[8] The parties' briefs and appendices are subject to a confidentiality agreement and, accordingly, both parties have filed confidential and non-confidential versions. Where necessary, as here, we have omitted confidential information from this opinion.

the oval-shaped ties; 2) the alternative shapes would cost the same or less to manufacture; and 3) while round edges on a cable tie are important for comfort and ease of molding the ties, oval edges were not necessary. 935 F. Supp. at 1412-13. Despite this evidence, the court found that because none of the shapes had ever been successfully marketed, the oval shape was functional. There is no requirement that the alternative shapes must have been successfully marketed in order to show that effective competition is possible; several factors (as those noted above) must be examined in reaching that decision. The evidence presented by T&B raises questions about whether cable ties with shapes other than rectangular or oval could compete effectively, and Panduit did not meet its burden of proof on showing that the oval shape is functional as a matter of law.

Panduit also argues that we have already dismissed the relevance of the hypothetical designs offered by T&B in our previous opinion in this case. Therein, we stated that:

> In any event whether one could draw or even produce cable ties with all these different head shapes is irrelevant, because the issue is whether or not one could "compete effectively" selling such cable ties. *Schwinn*, 870 F.2d at 1190. Neither T&B nor Lazar's former employer, Burndy, ever successfully marketed a cable tie with anything but a rectangular or an oval head.

T&B I, 65 F.3d at 661 n.6. However, as we noted in *T&B I*, our determination that a preliminary injunction had erroneously issued was based on a finding that T&B had failed to establish that the oval head had secondary meaning. While we expressed concern about the district judge's findings on likelihood of confusion and nonfunctionality, the issue to which the above-quoted language was directed, those elements did not play a role in our dissolving the preliminary injunction and our discussion of them

is dicta rather than the law of the case. *See T&B I*, 65 F.3d at 661. As discussed above, evidence was presented which shows that the hypothetical shapes could be produced for the same (or less) cost as T&B's oval ties, and that these shapes would fit within the military specifications which seem so important in this industry. When there are numerous possible constructions of a product, the nature, price, and utility of such constructions are material issues of fact not well-suited for determination at the summary judgment stage. *Brandir Int'l, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1148 (2d Cir. 1987). It once again appears that the district court engaged in evidence-weighing, and its conclusion is inappropriate.

Panduit additionally argues that T&B emphasized the functional aspects of the oval head in its advertisements and promotional materials, thus showing that the shape is functional, a position with which the district court agreed. For one, Panduit shows that T&B's advertising rack includes information about the functional value of the oval head, stating: "Low profile head—won't snag, looks good." *See* App. at 598. Statements in other such promotional materials which Panduit says point out that the oval-shaped head is functional include the following: two catalogs point out that the tie has a "small head" and that its "molded smooth edges enhance the appearance" (App. at 633 and 642); another catalog states that "TY-RAP cable ties have no sharp edges but feature a rounded edge" (App. at 650); and T&B's trade show display notes that the "Low profile rounded head... won't snag" (App. at 660). In response, T&B presented evidence that the references to "small head" and "low profile" referred to the height, not the shape, of the head. *See* App. at 171; 674-75. Similarly, T&B presented evidence that the references to "rounded edge" referred to the corners of the cable tie head, not the fact that the head had an overall round shape. *See* App. at

172-75; 213-14. T&B also points to one of Panduit's ads, in which the "smooth, round edges" of its PAN-TY product are touted. *See* App. at 403. The cable tie in the illustration, however, has a rectangular or square-shaped head, not an oval head. Thus, material questions of fact exist as to whether the statements raised by Panduit refer to functional advantages of an oval-shaped head or to other features of the cable tie.

The district court also mentioned that the oval shape was contained in the Schwester patent and thus serves as evidence of functionality. While this is true, it is also true that "[a] utility patent must be examined in detail to determine whether or not the disclosed configuration is really primarily functional or just incidentally appears in the disclosure of a patent." J. Thomas McCarthy, 1 McCarthy on Trademarks and Unfair Competition § 6:10 (4th ed. 1996). The district court found that because the oval shape was part of the patent and did not appear incidentally, it was primarily functional. This finding necessitated a weighing of the evidence, however, and the finder of fact should decide, in light of the other evidence presented, how much weight the Schwester patent should receive. The parties also raise other issues in their briefs, but they do not merit individual discussion since we do not believe that any of them would be determinative in this case. Therefore, because we find that material questions of fact exist regarding the functionality of T&B's oval shaped head, Panduit has not established its affirmative defense. In addition, as we found above, material questions of fact also exist with respect to elements of T&B's claim of trade dress infringement. The district court's judgment in favor of Panduit on T&B's trade dress infringement claim must therefore be reversed, and this case remanded for a trial on the merits.

III. Cancellation of Panduit's Barb-Ty Trademark

In its complaint, T&B also sought the cancellation of Panduit's trademark "BARB-TY," arguing that it was a generic term or, alternatively, that registration had been obtained fraudulently. The district court granted summary judgment to Panduit on this count as well, finding that T&B had failed to present a genuine issue of fact as to either contention. *Thomas & Betts Corp. v. Panduit Corp.*, 940 F. Supp. 1337 (N.D.Ill. 1996). T&B takes issue with the district court's decision, arguing that material issues of fact do exist with regard to whether "barb tie" (or its phonetic equivalent, BARB-TY) is generic.[9]

For purposes of trademark law, a generic term is one "that denotes the product rather than any of the brands of the product." *Door Systems, Inc. v. Pro-Line Door Systems, Inc.*, 83 F.3d 169, 171 (7th Cir. 1996) (citing *Two Pesos*, 505 U.S. at 768) (other citations omitted). While a trademark identifies the source of a product, "a generic term merely specifies the genus of which the particular product is a species." *Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 936 (7th Cir. 1986) (citations omitted). Whether a term is generic or can be trademarked is a question of fact. *Door Systems*, 83 F.3d at 171 (citing *Bath & Body Works, Inc. v. Luzier Personalized Cosmetics, Inc.*, 76 F.3d 743, 748 (6th Cir. 1996) and *Boston Beer Co. Ltd. Partnership v. Slesar Bros. Brewing Co., Inc.*, 9 F.3d 175, 180 (1st Cir. 1993)). As with any question of fact, however, genericness can be resolved on summary judgment if "the evidence is so one-sided that there

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[9] T&B does not present any arguments in its brief relating to the fraudulent procurement claim, and as such we need not address it. *Ricci v. Arlington Heights, Ill.*, 116 F.3d 288, 292 (7th Cir. 1997), *cert. granted*, ___ U.S. ___, 118 S. Ct. 679 (Jan. 9, 1998) (arguments not raised in brief are deemed waived).

can be no doubt about how the question can be answered." *Door Systems,* 83 F.3d at 171.

T&B attacks the district court's grant of summary judgment to Panduit on Count II in several respects. First, T&B argues that, contrary to the district court's holding, Panduit was not entitled to a presumption of nongenericness of its "BARB-TY" trademark. The Lanham Act provides that registration of a mark on the principal register is *prima facie* evidence of its validity. 15 U.S.C. § 1115(a); *see also* 15 U.S.C. § 1057(b) (same). As we have explained, this section "entitles the plaintiff to a presumption that its registered trademark is not merely descriptive or generic, or, if merely descriptive, is accorded secondary meaning." *Liquid Controls Corp.,* 802 F.2d at 936. T&B does not dispute the existence of the presumption, but rather argues that it should not apply because T&B had filed its complaint in this case before Panduit's registration issued. *See* Appellants' Brief at 44. No case law is cited to support this proposition, and we therefore deem this argument waived pursuant to FED.R.APP.P.28(a)(6). *See Griffin v. City of Milwaukee,* 74 F.3d 824, 828 (7th Cir. 1996) (arguments unsupported by any legal basis are deemed waived) (citations omitted). Thus we, as the district court, apply a presumption of validity (and nongenericness) to Panduit's "BARB-TY" trademark.

In any event, as T&B correctly notes, the presumption of validity can be rebutted. For this to occur, T&B must meet its burden by providing proof of genericness (or, at the summary judgment stage, by raising genuine issues of material fact with respect to the issue of genericness). *Liquid Controls Corp.*, 802 F.2d at 936-37. Under the Lanham Act,

> A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service.

> The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

15 U.S.C. § 1064(3). The term "relevant public," as used in the statutory test, refers to the relevant public which purchases (or may purchase) the goods in the marketplace. *Magic Wand, Inc. v. RDB, Inc.*, 940 F.2d 638, 640(Fed.Cir. 1991). In simple terms, this test asks "[w]hat do the buyers understand by the word for whose use the parties are contending?" *Id.* (quoting *Bayer Co. v. United Drug Co.*, 272 F.505, 509 (S.D.N.Y. 1921)). In order to demonstrate that a term is or has become generic, evidence can come in the form of direct testimony of consumers, consumer surveys, dictionary listings, and usage in newspapers and other publications. *Magic Wand*, 940 F.2d at 641. The district court found that T&B had failed to raise any material issues of fact, and T&B argues that this finding was in error.

As the district court correctly noted, T&B did not provide a customer survey on the primary significance of the term "barb tie" in consumers' minds, did not present any direct evidence from consumers regarding the term, and did not show that it had ever used the term "barb tie" in its own advertisements. The court relied in part on the fact that the testimony regarding genericness "consists largely of testimony from their distributors and employees" in determining that "barb tie" was not generic, and also considered the fact that the term "barb tie" was not used in the Schwester patent and that other terms are used to describe the products made by T&B and Panduit. Despite the weakness of the evidence presented by T&B, however, we find that issues of material fact remain on the topic of genericness and that summary judgment was inappropriate here.

T&B points to certain of Panduit's advertisements in which the term "barb tie" is used in some manner, arguing that this usage establishes the genericness of "BARB-TY." *See, e.g.,* App. at 341 ("Highest loop tensile strength stainless steel barb tie"); 345 ("for those users who prefer a metal barb tie"); 349 ("Lowest threading force of any metal barb tie"); 396 ("designed for users who prefer stainless steel barb ties"). Panduit counters that these phrases can only be reasonably interpreted as, for example, "metal barb" "tie", not "metal" "barb tie." *See* Appellee's Brief at 49. Such interpretation, however, is not properly undertaken by a court on summary judgment but must be left for the finder of fact. In a similar vein, T&B presented testimony from several of its employees and distributors showing that the term "barb tie" has been used by customers to identify cable ties. *See, e.g.,* App. at 100, 148, 156, 161. Despite the district court's finding that this testimony did not establish that the public perceives "barb tie" as a generic term, we believe that it raises material questions of fact about what the purchasing public understands the term to mean. Thus, the district court erroneously found that no questions of material fact exist with respect to the issue of genericness.

We realize that a gander at the evidence presented by T&B reveals that it is far from overwhelming. However, as we have repeatedly recognized, summary judgment is not the place to resolve evidentiary conflicts. "Before it can properly be granted, therefore, the court must have a very high degree of confidence that any disagreement over the facts is spurious." *Door Systems, Inc.,* 83 F.3d at 170. After reviewing the evidence presented by T&B, we do not have such a high degree of confidence, and we find that material issues of fact, especially in terms of the weight evidence should be given, remain on the issue of genericness and whether T&B has been able to overcome the presumption of validity in favor of Panduit. We therefore reverse the district

court's grant of summary judgment to Panduit on Count II of the complaint.

IV. Denial of T&B's Rule 60(b) Motion

Finally, T&B challenges the district court's denial of its motion pursuant to Fed.R.Civ.P. 60(b), in which T&B sought relief from the district court's judgment in favor of Panduit. In light of the fact that we are reversing the underlying judgment from which T&B sought relief in its motion, we vacate the district court's denial of T&B's Rule 60(b) motion.

CONCLUSION

For the reasons set forth above, the district court's grant of summary judgment to the defendant is REVERSED, its denial of T&B's Rule 60(b) motion of VACATED, and this case is REMANDED for further proceedings consistent with this opinion.

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

USCA-97-C-006—Midwest Law Printing Co., Inc., Chicago—3-4-98

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THOMAS & BETTS CORPORATION AND THOMAS & BETTS HOLDINGS, INC. *Plaintiff,* v. PANDUIT CORPORATION, *Defendant.*	No. 94 C 2656 MAGISTRATE JUDGE MORTON DENLOW

MEMORANDUM OPINION AND ORDER

Plaintiffs Thomas & Betts Corporation and Thomas & Betts Holdings, Inc. (hereinafter collectively referred to as "T&B"), bring this action in five counts against defendant Panduit Corporation (hereinafter "Panduit"). Count I alleges that Panduit's metal barb oval head shaped cable tie infringes on the trade dress of T&B's cable tie in violation of 15 U.S.C. § 1125(a) (hereinafter the "Lanham Act"). Count II alleges that Panduit's use of the name BARB-TY constitutes unfair competition and seeks cancellation of Panduit's trademark registration of the term BARB-TY under 15 U.S.C. § 1064(3). T&B also alleges that Panduit's conduct violates the common law of unfair competition (Count III); the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2 and the Uniform Deceptive Trade Practices Act, 815 ILCS 510/1 *et. seq.* (Count IV); and the Illinois Anti-Dilution Act, 765 ILCS 1035/15 (Count V).

T&B previously moved for a preliminary injunction which was granted by the trial court (1994 WL 714619), and later reversed by the Seventh Circuit. (*Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995). Panduit now moves for summary judgment on all five counts. The Court held an extensive oral argument on July 11, 1996 and has reviewed the voluminous briefs and exhibits submitted by the parties. For the reasons set forth below, Panduit's motion for summary judgment is granted on Counts I, III, IV and V and denied as to Count II of plaintiff's complaint.

I. BACKGROUND FACTS

T&B and Panduit are the nation's largest suppliers of cable ties. Cable ties are nylon plastic straps used to tie together a group of cables or wires. (T&B 12 N p. 26 ¶ 1). Cable ties consist of a strap terminating at one end in a tapered tail and at the other in a head which incorporates a horizontal locking mechanism. *Id.* Cable ties feature two types of locking mechanisms: one-piece or two-piece. (T&B 12 N p. 26 ¶ 2). At issue here is a two-piece cable tie. In the two-piece tie a metal barb is inserted into the head of the tie and sits in a slot transverse to the slit for the strap. *Id.* When the strap is pulled taut, the tension on the strap causes the flexed barb to bite into the nylon strap and hold tight.

For purposes of this motion, the following uncontested facts are adopted from the Seventh Circuit opinion. (*See* 65 F.3d 654). In 1965, T&B obtained a patent on the two-piece cable tie ("the Schwester patent"). That patent disclosed a two-piece cable tie with an oval head, metal barb and transverse slot. The slot, barb and head portions are elements in each of the Schwester patent's claims. The oval shape of the head is not specifically claimed but is illustrated and described in the specifications. T&B currently markets a two-piece cable tie under the trademark TY-RAP that is essentially identical to the model disclosed in the Schwester

patent. Though the Schwester patent expired in 1982 and a related patent also held by T&B expired in 1986, until 1993 T&B remained the sole producer of two-piece cable ties with annual sales of almost $100 million worldwide.

In 1993, Panduit entered the two-piece cable tie market with the BARB-TY, an oval-headed, metal-barbed cable tie essentially identical to T&B's TY-RAP. T&B promptly sued Panduit for trade dress infringement under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). T&B claimed that its trade dress includes a rounded, low profile head configuration with a vertical slot which is aligned with the body of the cable tie and, in the case of Thomas & Betts' dominant product, includes a metal barb visible in the lower portion of the vertical slot. T&B also brought a federal unfair competition claim based on Panduit's use of the BARB-TY trademark and ancillary state law claims.

T&B moved for a preliminary injunction prohibiting Panduit from selling its BARB-TY. After an evidentiary hearing, the trial court found that "the transverse slot, the vertical slot, the steel barb and the tail or body" were all "functional parts" and thus not entitled to trade dress protection, but that the oval shape of the head was not functional and thus was protectable trade dress. The trial judge preliminarily enjoined Panduit "from further sales, advertising, promotion, or marketing of cable ties incorporating a steel barb locking mechanism with an oval shaped head and a transverse or vertical slot in the head." 1994 WL 714619 *25.

Panduit appealed and the Seventh Circuit reversed the preliminary injunction finding that T&B had not established a reasonable likelihood of success on the merits of its claim that T&B's cable tie had acquired secondary meaning and that its features are protectable trade dress. *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995). Panduit now moves for summary judgment on all counts.

II. SUMMARY JUDGMENT STANDARD

Summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). *Celotex Corporation v. Catrett,* 477 U.S. 317, 327, 106 S.Ct. 25, 48 (1986).

When reviewing the record on summary judgment, the court must draw all reasonable inferences in the light most favorable to the nonmovant. *Hill v. Burrell Communications Group, Inc.,* 67 F.3d 665, 667 (7th Cir. 1995). To avert summary judgment, however, plaintiff "must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.,* 475 U.S. 574, 586, 106 S.Ct. 1348, 1356, (1986). A dispute about a material fact is genuine only if the evidence presented is such that a reasonable jury could return a verdict for the nonmovant. *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 248, 106 S.Ct. 2505, 2510 (1986). A summary judgment proceeding is not a vehicle for the resolution of factual disputes; it is designed to determine whether there is any material dispute of fact that requires a trial. *Id.* If no reasonable jury could find for the party opposing the motion, it must be granted. *Hedberg v. Indiana Bell Tel. Co.,* 47 F.3d 928, 931 (7th Cir. 1995).

III. DISCUSSION

The question in this case arises at the intersection of the Nation's patent and trademark laws and raises a host of novel and fascinating legal issues. First, the case raises the question of what weight should be given to factual findings made in connection with the motion for preliminary injunction when deciding the current motion for summary judgment. Second, the principal

issue concerns the relationship between the Patent Act and the Lanham Act and whether the oval head disclosed in T&B's expired utility patent can be protected as trade dress under the Lanham Act. Third, the Court considers the propriety of Panduit's BARB-TY trademark. Finally, we consider the state law claims of unfair competition and deceptive trade practices.

Panduit advances several arguments in support of its motion for summary judgment on the federal claims raised in Counts I and II. First, Panduit claims that T&B cannot receive trademark protection in the oval head shape of its cable tie contained in its expired utility patent because that would contravene the public's right to copy and to use inventions once a patent expires. Second, Panduit argues that it is entitled to judgment on T&B's trademark claims because the oval head shape of the cable tie is functional and therefore cannot qualify for trade dress protection. Third, Panduit argues that even if the oval head is deemed nonfunctional, in which case it may be entitled to trademark protection, T&B has failed to show that the oval head shape of the TY-RAP cable tie has acquired secondary meaning. Panduit also argues that T&B has failed to show that T&B's TY-RAP cable ties will be confused with Panduit's BARB-TY cable ties. Finally, Panduit asserts that T&B may not prohibit its use of the term BARB-TY to describe their cable tie.

The Court will discuss each of these arguments in turn while viewing the evidence and drawing all inferences in the light most favorable to T&B. Under the standards for summary judgment, such an examination of the facts is required. Thereafter, the Court will consider the state law claims raised in Counts III through V.

A. WEIGHT TO BE GIVEN TO PREVIOUS FINDINGS OF CONTESTED FACT

The first issue is what weight this Court should assign in deciding Panduit's motion for summary judgment to the trial court's or Seventh Circuit's factual findings in their preliminary injunction rulings. Because parties are held to different standards of proof in preliminary injunction hearings than in motions for summary judgment, and because findings of fact at the preliminary injunction stage are not as fully fleshed out as at the summary judgment stage, this Court will not rely on the trial court's or Seventh Circuit's findings of *contested* facts in deciding Panduit's motion for summary judgment. (Emphasis Added). *University of Texas v. Camenisch*, 451 U.S. 390, 395, 101 S.Ct. 1830, 1834 (1981) ("...the findings of fact and conclusions of law made by a court granting a preliminary injunction are not binding at trial on the merits").

The Seventh Circuit has announced this rationale, stating:

> A court must be cautious in adopting findings and conclusions from the preliminary injunction stage in ruling on a motion for summary judgment for two reasons. First, a court's findings of fact and conclusions of law at the preliminary injunction stage are often based on incomplete evidence and a relatively hurried consideration of the issues. [cite omitted]. Second, the questions focused on differ in deciding a motion for summary judgment. In the former a court considers whether there is a reasonable likelihood that the moving party will prevail on the merits; in the latter, a court considers whether there is any issue of material fact remaining after construing the facts in a light most favorable to the non-moving party.

Communications Maintenance, Inc. v. Motorola, Inc., 761 F.2d 1202, 1205 (7th Cir. 1985); see also, *Lac Du Flambeau Band of Lake Superior Chippewa Indians v. Stop Treaty*

Abuse - Wisconsin, Inc., 991 F.2d 1249, 1258 (7th Cir. 1993) ("Caution is also necessary because a motion for summary judgment raises a different decisional question for the judge than does a motion for a preliminary injunction").

B. RELATIONSHIP BETWEEN PATENT AND TRADEMARK LAW

The principal issue before the Court is whether the subject of an expired utility patent, T&B's two-piece cable tie with an oval head, may be entitled to trade dress protection under the Lanham Act or whether Panduit has an absolute right to copy T&B's expired cable tie patent. Secondarily, the Court will consider whether any fact questions are raised or whether this issue can be decided as a matter of law.

These issues require the Court to harmonize the Patent Act and the Lanham Act. In performing the task of reconciling these two statutes, we have been instructed by the Supreme Court that "where two statutes are capable of coexistence, it is the duty of the court, absent a clearly expressed intention to the contrary, to regard each as effective." *Ruckelhaus v. Monsanto Company*, 467 U.S. 986, 1018, 104 S.Ct. 2862, 2881 (1984). Clearly, Congress intends both the Patent Act and the Lanham Act to coexist. An analysis of these two statutes and their purposes will help frame our discussion.

1. The Patent Act

Article I, § 8, cl. 8, of the Constitution gives Congress the power "[t]o promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." In *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262, 99 S.Ct.

1096, 1099 (1979), the Supreme Court described the policies underlying the federal patent law as follows:

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

The patent statutes require that a patent describe the exact scope of the invention and its manufacture to "secure to [the patentee] all to which he is entitled, [and] to apprise the public of what is still open to them." *McClain v. Ortmayer,* 141 U.S. 419, 424, 12 S.Ct. 76, 77 (1891). Our current system provides that a patent document contain two distinct elements. The first is a specification describing the invention "in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention." 35 U.S.C. § 112. The second element is that the patent "conclude with one or more claim" particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." *Id.* "A claim covers and secures a process, a machine, a manufacture, a composition of matter, or a design, but never the function or result of either, not the scientific explanation of their operation." 6 Lipscomb, *Walker on Patents* § 21:17, at 315-16.

If an applicant can satisfy these requirements and is willing to reveal to the public the substance of his discovery and "the best mode . . . of carrying out his invention," 35 U.S.C. § 112, the inventor is granted "the right to exclude others from making, using, or selling the invention throughout the United States," for a period of 17 years. 35 U.S.C. § 154. Thus, the inventor may keep his invention secret and reap its fruits indefinitely. In consideration of its disclosure and the consequent benefit to the

community, the patent is granted. An exclusive enjoyment is guaranteed for seventeen years, but upon expiration of that period, the knowledge of the invention inures to the people, who are thus enabled without restriction to practice it and profit by its use. *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186-87, 53 S.Ct. 554, 557 (1933). The federal patent laws embody a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are necessary to invention and constitute the lifeblood of a competitive economy. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146, 109 S.Ct. 971, 975 (1989). "Copying is not only good, it is a federal right—a necessary component to the patent system's grant of limited monopolies." *Thomas & Betts Corporation v. Panduit Corp.*, 65 F.3d 654, 657 (7th Cir. 1995).

2. The Lanham Act

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides a federal cause of action for unprivileged imitation, including trade dress infringement. The Supreme Court identified the policies promoted by federal trademark law in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198, 105 S.Ct. 658, 663 (1985):

> The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the good will of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.

"Trademark law is aimed at assisting consumers in identifying the source of the goods, a goal served by granting an indefinite

monopoly to the user of a particular unique symbol that connects a product with its source." *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657 (7th Cir. 1995).

3. Utility Patents

T&B is seeking trademark protection for the oval head of its cable tie contained in the expired Schwester utility patent. Utility patents are issued for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101. As explained by Professor Herbert F. Schwartz:

> A utility patent consists of a cover page that lists pertinent information, a written description, and one or more claims. The written description, sometimes referred to as the specification and drawings, describes the invention, the preferred embodiment of the invention, and how to make and use it, so that the public has available the information needed to practice the invention. On expiration of the patent, the public may practice the invention freely. The claims of the patent define the metes and bounds of the patent owner's exclusive rights during the life of the patent.

Schwartz, Patent Law & Practice, Second Edition, p. 7 (1995).

A review of the Schwester patent reveals that the oval head is in the drawing describing the invention of a self clinching bundling strap ("cable tie"). Furthermore, in the specification section of the patent the best mode description states that "[t]he opposite or head-end portion 24 of the strap 23 terminates in an *oval shaped* clinching eyelet 26..." (Nancy Clarke Declaration, June 13, 1996, Ex. 12). Furthermore, in the claim portion of the patent, the oval head is referred to in paragraph 1: "What is claimed is: 1. A self clinching bundling strap comprising a head-end portion, a tapered tail-end portion and a body portion therebetween, said head-end portion having a transverse aperture

therethrough . . . " *Id.* The head-end portion is the oval head which is now in dispute. T&B's counsel candidly acknowledged in oral argument, that subject to its Lanham Act argument, "anybody has the absolute right to copy every detail in an expired patent." (7/11/96 Tr. at p. 28). Therefore, there is no dispute that under the Patent Act, Panduit had an absolute right to copy T&B's cable tie. This then brings us to the issue of whether the Lanham Act limits that right.

4. Vornado

The issue of whether the subject of an expired utility patent could receive trademark protection was first addressed by the Tenth Circuit in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995). The plaintiff alleged that the spiral configuration of the defendant's grill design infringed the plaintiff's trade dress. After a careful review of the two statutes, the court held that "[w]here a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same invention, patent policy dictates that it enter into the public domain when the utility patents [on the product] expire. To ensure that result, [the component] cannot receive trade dress protection under section 43(a)." 58 F.3d at 1500. The *Vornado* decision applies to those situations where components of an invention covered by an expired utility patent were being copied. However, the *Vornado* decision did not address whether a feature, which is not specifically claimed in the patent, can receive trademark protection upon the expiration of the utility patent.

In *Thomas & Betts*, the Seventh Circuit distinguished the *Vornado* decision on its facts, but stated that "it is not clear that the differences dictate a different result." 65 F.3d at 659. The Seventh Circuit found that the oval shape of the cable tie head was not specifically claimed in the Schwester patent, while the

spiral grill was a required element in at least one of the claims in the patent at issue in *Vornado*. The Seventh Circuit did not pass on the correctness of *Vornado* or Panduit's broader claim that the Lanham Act does not bar its ability to copy the Schwester patent in toto, including the oval head disclosed in the drawings and specifications. That issue is now squarely before this Court.

5. Creating Harmony Between the Patent Act and the Lanham Act

T&B argues that the proper way to harmonize the Patent Act with the Lanham Act is to recognize a right under the Lanham Act to grant trademark protection to product configurations which are part of a patent by applying traditional tests of likelihood of confusion, functionality and distinctiveness. In particular, T&B relies upon the Seventh Circuit's language in *Kohler Co. v. Moen*, 12 F.3d 632, 638 (7th Cir. 1993), that "courts have consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one of the statutory means for protection of intellectual property." T&B argues that the successive application of the Lanham Act, following expiration of its patent, to protect the oval head of its cable tie is necessary and appropriate to enforce the strong public policies presented by the Lanham Act.

On the other hand, Panduit argues that a long line of Supreme Court cases interpreting the Patent Act require that it be permitted to copy the T&B cable tie upon expiration of the patent. Panduit argues that the way to harmonize the Patent Act and The Lanham Act upon the expiration of the patent is to allow T&B to obtain Lanham Act protection with respect to the packaging and advertising of the product, but not for the physical shape of the product and its oval head. The Court agrees.

The Court holds that the right to copy arising from the Patent Act entitles Panduit to copy the oval headed cable tie disclosed in

the Schwester patent without fear of a Lanham Act violation. The Supreme Court and the Seventh Circuit have both recognized the primacy of the right to copy both before and after the adoption of the Lanham Act. Although the Lanham Act was not involved, the Court believes that the harmonization of the Lanham Act and Patent Act upon expiration of a patent can best be expressed as follows:

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 157, 109 S.Ct. 971, 981, quoting *Crescent Tool Co. v Kilborn & Bishop Co.*, 247 F. 299, 301 (2d Cir. 1917) (L. Hand, J.). This result promotes fair competition and gives the public and the parties the benefits of both statutes.

6. Seventh Circuit Cases

The Seventh Circuit has not addressed the issue of whether an invention or a component of an invention covered by an expired utility patent is entitled to trademark protection. T&B relies heavily upon *W.T. Rogers Co., Inc. v.* Keene, 778 F.2d 334 (7th Cir. 1985) and *Kohler Co. v. Moen, Inc.*, 12 F.3d 632 (7th Cir. 1993), wherein the Seventh Circuit held that trade dress rights under the Lanham Act are distinct and exist separately from patent rights. A product configuration may be trademarked if the manufacturer can show that the configuration is either inherently distinctive or has acquired distinctiveness through secondary meaning, as well as showing the likelihood of confusion. *Kohler Co. v. Moen, Inc.*, 12 F.3d 632, (7th Cir. 1993). Thus, if a product

configuration acts as the products "source identifier" then the product configuration *may* be entitled to trademark protection if there is no conflict with the federal patent laws. *Kohler* is distinguishable because it did not involve a utility patent. This is significant because T&B has already received its seventeen-year cable tie monopoly. In determining whether a product configuration is entitled to trademark protection courts have been asked to interpret the "careful balance" between the patent laws and the Lanham Act.

As Judge Shadur recently stated:

> the goal of trademark law (assisting the consumer by avoiding confusion as to a product's source) is sometimes served by allowing an indefinite monopoly on a particular product configuration. But at the same time the patent laws set out a detailed regimen of requirements that must be met before a 17-year monopoly will be conferred on an invention (via a utility patent), and when those sands run out the public has a right to engage in the slavish copying and use of the product. What happens at the intersection of those competing goals?

Zip Dee, Inc. v. Dometic Corp., 1996 WL 391999 (N.D. Ill. 1996).

The Seventh Circuit has determined that one way to deal with the potential conflict is to preclude trademark protection to product configurations if they are deemed functional. Functionality of a product configuration refers to "something that other producers of the product in question would have to have as part of the product in order to be able to compete effectively in the market." *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 346 (7th Cir. 1985). However, the Seventh Circuit has not yet decided whether the functionality test should apply where trademark protection sought is for a product configuration which is covered by an expired utility patent.

The Court holds that the application of a functionality test in this case is unsound public policy, contravenes the Patent Act and would defeat the expectations of the public and the parties. Such a result would promote litigation, not competition. When T&B obtained its patent, it clearly understood that once it disclosed its best mode that competitors would be entitled to copy and to use its invention after seventeen years. T&B's competitors understood that they would be free to copy and market T&B's invention after seventeen years. The public expected to receive the benefits of a competitive cable tie market after granting T&B a seventeen-year monopoly.

Anything less than a strict rule that the "best mode" disclosed in a patent can be copied would defeat these expectations. If a prospective competitor must face the threat of Lanham Act litigation for "slavishly copying" the invention, this would seriously undermine the Patent Act. Competitors would be hesitant to take advantage of inventions coming off patent for fear that the holders of the expired utility patent will argue, as they do here, that their product has gained secondary meaning and is protected by the Lanham Act. Resolution of these issues could raise factual and legal questions which require trial and appeal. This is not part of the bargain that Congress intended or sought to encourage.

Similarly, the adoption of a functionality test would present the same problems and concerns. Functionality can become a complicated fact issue. The threat and reality of such litigation will harm the public by denying it the benefits of competition. A bright line test which permits "slavish copying" of the "best mode" invention disclosed in the expired utility patent best serves the public's interest as expressed by Congress in the Patent Act, while still preserving Lanham Act protection for methods of marketing the product so as to prevent source confusion.

T&B also relies upon the stay decision entered in this case by the Seventh Circuit on December 23, 1994 in which the court

denied a stay pending appeal of the preliminary injunction stating in relevant part:

> Until 1982 the Thomas & Betts product had been protected by a patent. Panduit's theory is that when the patent expired the entire product fell into the public domain and became freely copyable. That considerably overstates matters. The patented portions of the product entered the public domain, but 'the product' did not. Panduit does not contend, for example, that it could copy the cable tie to the last detail, including the Thomas & Betts logo and similar identifying marks. Non-functional elements of the product's design can serve a role similar to logos and therefore may be protected as trademarks. See *W.T. Rogers Co. v. Keene,* 778 F.2d 334 [228 USPQ 145] (7th Cir. 1985).

This decision is not dispositive because it has now been superseded by the decision reversing the preliminary injunction and it does not address the specific issue now raised for final judgment.

7. Expired Utility Patent May Be Copied Without Violating Lanham Act

We hold that the subject of an expired utility patent which is disclosed as the "best mode" in the patent cannot be the subject of trademark protection with respect to the invention disclosed to the public. A bright line test is important in order that the public receive the benefit of its bargain under the patent laws. Addressing the functionality of an invention covered by an expired utility patent would create needless fact questions and lead to unnecessary litigation which would stifle companies from utilizing products coming off patent.

In *Zip Dee, Inc v. Dometic Corp.,* 1996 WL 391999 (N.D. Ill. 1996), this court in an opinion by Judge Milton I. Shadur addressed the issue of whether a product configuration that played some role in a patented invention but that was not the invention

itself can be the subject of a product configuration trademark. The plaintiff, an awnings manufacturer, brought a trade dress infringement action against the defendant alleging that the awnings produced by the defendant were infringing. The court held that "the policies underlying patent law dictate the denial of trademark protection to a product configuration that has been claimed as part of a utility patent in either of two circumstances (Footnote omitted): 1) if the product configuration is functional within the context of the utility patent in which the product configuration is claimed; or 2) if the product configuration is functional in the more general sense that competitors in the market generally need that configuration in order to compete."*Id.* at p. 9. Again, *Zip Dee* is a factually different situation because the defendant was copying a component of the patented invention so the court did not reach the issue of whether an invention covered by an expired utility patent could receive trademark protection under the Lanham Act.

In *Kransco Manufacturing Inc. v. Hayes Specialties Corp.*, 37 U.S.P. 2d 1722 (Fed. Cir. 1996) (unpublished decision), the court held the plaintiff could claim trademark protection in their mark even though it was disclosed as part of the best mode for carrying out the invention described in the patent. The *Kransco* case is an unpublished decision which has no precedential value and contains no analysis of the interrelationship between the Patent Act and Lanham Act.

In those situations where the product configuration is not covered by an expired utility patent the *Kohler* decision and the functionality analysis is the appropriate method for determining whether trademark protection should be granted. No patent monopoly and bargain are involved. However, the Court does not believe the functionality analysis is appropriate in this case because the goals and policies of the patent laws would not be

served. Judge Shadur illustrated the shortcomings of the functionality analysis in the following manner:

> Assume that Inventor creates a mousetrap that meets the usefulness test (as well as the other requirements) for a utility patent. For 17 years Inventor gets a monopoly on the production and sale of the mousetrap, which — although there are dozens of other competing mousetraps on the market, and although it may cost more to produce (and so it may cost consumers more to buy) — finds a place in the market. When the patent expires Competitor begins to copy Inventor's mousetrap. Inventor (no longer able to block such copying through a patent infringement action) then sues Competitor for trademark infringement, claiming that Inventor is entitled to a product configuration trademark. (Footnote omitted)
>
> In that scenario the functionality defense will not protect Competitor: It does not need that particular product configuration to compete effectively in the mousetrap market, because there are many other — indeed perhaps better — ways to build a mousetrap. But to allow Inventor to have a product configuration trademark would effectively extend his utility patent into eternity, far beyond the 17 years set out in the statutory patent bargain. In such a situation functionality alone is not enough to protect the "bargain" of the patent laws from invasion by a product configuration trademark.

Zip Dee, Inc. v. Dometic Corp., 1996 WL 391999, *4 (N.D. Ill. 1996).

As a matter of law, a product configuration that is claimed or otherwise disclosed within an expired utility patent is not entitled to trademark protection. "For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws do create a federal right to 'copy and to use'". *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165, 109

S.Ct. 971, 985 (1989). Also, upon the expiration of the utility patent the public, by way of the patent bargain, receives the right to make the invention in the form in which it was constructed in the patent. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119, 59 S.Ct. 109, 114 (1938). In *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256, 66 S.Ct. 101, 104 (1945), the Supreme Court held:

> [A]ny attempted reservation or continuation in the patentee or those claiming under him of the patent monopoly, after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent laws... By force of the patent laws not only is the invention of a patent dedicated to the public upon its expiration, but the public thereby becomes entitled to share in the good will which the patentee has built up in the patented article or product through the enjoyment of his patent monopoly.

The Supreme Court recently held that the construction of a patent, including the terms of art within its claim, is exclusively within the province of the Court. *Markman v. Westview Instruments, Inc.*, ____ U.S. ____, 116 S.Ct. 1384 (1996). Therefore it is the determination of this Court that the oval shaped clinching eyelet is part of the claimed patent which was freely dedicated to the public upon expiration. Granting trademark protection in the oval head would effectively allow T&B to extend its utility patent into eternity and deprive the public of its benefit under the patent bargain.

T&B argues that the *Kohler* case establishes that trademark protection is available for product configurations. While this is true, *Kohler* does not address the situation of an expired utility patent. Where the product configuration is covered by a utility patent the long standing tradition of *Kellogg, Singer, Scott and Bonito Boats*, as well as the public's right to copy patented products must prevail. The only obligation Panduit had towards

T&B when it copied its cable tie was to identify its own product, packaging and advertising to ensure that the public would not mistake the source of its BARB-TY.

T&B's counsel also argues that *Kellogg* and its progeny are inapplicable to the present case because they were decided prior to the Lanham Act. However, today's decision is consistent with the Supreme Court's decisions in this area and the Lanham Act. Trademark protection for product configurations has not been eviscerated. Holding that product configurations covered by utility patents are not entitled to trademark protection does not preclude trademark protection for product configurations in general, nor does it prevent T&B from seeking trademark protection for its packaging, its TY-RAP mark or its other methods of identifying T&B as the source of its cable ties to avoid confusion. What is precluded are attempts to seek trademark protection for the physical shape of the product when it is the subject of an expired utility patent.

C. FUNCTIONALITY OF THE CABLE TIE'S OVAL HEAD

Because this case represents an issue of first impression in this circuit, in the interests of judicial economy, the court will assume *arguendo* that the Patent Act does not prevent T&B's oval headed cable tie from being entitled to trademark protection under the Lanham Act. The court will discuss, under the familiar principles of summary judgment, whether a fact question exists regarding whether T&B is entitled to trademark protection applying the functionality test as urged by T&B.

In this circuit functionality is an affirmative defense as to which the defendant bears the burden of proof. *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994). Functional features of trade dress are not entitled to trademark protection under the Lanham Act. 1 McCarthy § 7.26[1] at 7-113. Protection

for product shapes which are functional is the subject of patent law, not trademark law. *Id.* § 6.03[4] at 6-15. "The non-functionality requirement of trade dress law was created to avoid a clash with federal patent law. The public policy behind the requirements of non-functionality is that if a configuration is functional, then everyone has the right to use the configuration for its functional purpose, subject only to such exclusive right for a limited time as may exist under the patent laws." *Id.*

A product feature is functional if "it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwwod Laboratories, Inc. v. Ives Laboratories Inc.*, 456 U.S. 844, 851 n.10, 102 S.Ct 2182, 2187 n.10 (1982). "To establish functionality a junior user need not prove that the copied feature was optimal." *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1189 (7th Cir. 1989). "He need only establish that the copied feature is " 'at least one, of a few superior designs for its de facto purpose.' " *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 340 (7th Cir. 1985), quoting *In Re Bose Corp.*, 772 F.2d 866, 872 (Fed. Cir. 1985). "[I]f the feature is not ornamental or fanciful or whimsical or arbitrary, but is somehow intrinsic to the entire product consisting of this manufacturer's brand and his rival's brands, trademark protection will be denied." *W. T. Rogers Co. v. Keene*, 778 F.2d 334, 339 (7th Cir. 1985).

Therefore, the first issue is whether the oval head is functional as a matter of law or whether there are fact questions to be presented to a jury. If the court finds that the oval head is functional as a matter of law, T&B is not entitled to protection under the Lanham Act. Panduit raises several arguments as to the functionality of the oval shaped head of T&B's TY-RAP. First, Panduit argues that because the shape is contained within the patent it is deemed functional. Second, Panduit asserts that it will not be able to compete effectively without the oval head because there are a limited number of alternative designs available. Finally, Panduit argues that T&B's own advertising touting the

utilitarian benefits of the oval shape deems it functional. The Court will discuss each of Panduit's arguments in turn.

1. Schwester Patent

The fact that a claimed shape is depicted or claimed in a patent is only evidence of functionality and does not conclusively establish whether the shape is in fact functional. Not every configuration disclosed in a utility patent is automatically classified as primarily functional. 1 McCarthy § 7.29 at 7-10 (citing *Best Lock Corp. v. Schlage Co.*, 413 F.2d 1195 (CCPA 1969). A utility patent must therefore be examined in detail to determine whether the disclosed configuration is really primarily functional or just incidentally appears in the disclosure of the patent. 1 McCarthy § 7.29 at 7-171 (citing *Black & Decker Inc. v. Hoover Service Center*, 886 F.2d 1285 (Fed. Cir. 1989).

T&B's counsel argues that the examination of the utility patent is a fact question. The Court disagrees. The Supreme Court recently held that the construction of a patent, including the terms of art within its claim, is exclusively within the province of the Court as a matter of law. *Markman v. Westview Instruments, Inc.*, ____ U.S. ____, 116 S.Ct. 1384, 1386 (1996). The specification section of the patent described the best mode to manufacture the cable tie: "[t]he opposite or head-end portion 24 of the strap 23 terminates in an oval shaped clinching eyelet 26..." (Nancy Clarke Declaration, June 13, 1996, Ex. 12). As discussed earlier, the Court finds that the oval clinching eyelet is part of the patent. The oval eyelet does not appear in the patent incidentally, but rather is primarily functional and became dedicated to the public upon the expiration of the patent.

Also, T&B's use of the oval shape in manufacturing and marketing the TY-RAP is evidence of its functionality. As stated in *Cable Elec. Prods., Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1031 (Fed. Cir. 1985), "for purposes of evaluating the existence or

impact of product copying, the relevance of patent figures depends on the extent to which their appearance is replicated in the actual marketplace product of the patentee."

The Court finds that the description of the oval clinching eyelet in the specification section of the Schwester patent and the embodiment of the oval shape in T&B's TY-RAP is evidence of its functionality.

2. Alternative designs available

Panduit argues that there are a limited number of alternate designs available and if T&B is granted trademark protection in the oval shape of the TY-RAP head Panduit will not be able to "compete effectively". T&B responds by asserting that there are several alternative designs available that will meet the required military specifications and are in fact cheaper to make. The parties disagree as to whether the alternate designs have to actually be on the market or may simply be hypothetical designs.

The issue to be determined is whether equally functional alternatives exist that are as easily and cheaply manufactured. If there are a reasonable number of alternatives, then the grant of an exclusive trade dress right to one of those alternatives will not impair free competition. 1 McCarthy § 7.26[3][e] at 7-133.

T&B's expert witness Mr. Lazar testified at length with respect to 15[1] differently shaped heads illustrated in PX 211, explaining (i) that these alternative designs would use a substantially equal or smaller amount of material than T&B's design; (ii) that the

[1] Panduit argues that there are really only eight different shapes which have been inverted in an attempt to create a greater number of alternative designs. The Court does not address whether the numerosity of alternative designs is sufficient to establish non-functionality because the alternative designs produced by T&B do not rise to the level of alternate designs that will allow Panduit to effectively compete. However, if it is shown that alternate design do exist which will allow a competitor to effectively compete, then the numerosity of such designs is probative of functionality.

edges need only be rounded, not oval, for comfort and avoidance of sharp corners in molding; and (iii) that the alternatives could be manufactured at equal or less cost than T&B's TY-RAP cable tie. (T&B's Stmts. 79, 80, 83, 84). However, none of these designs have ever been successfully marketed.

In order to determine whether one could effectively compete there must be some evidence that an alternative design would allow the competitor to enter the market and sell the cable ties with the alternate designs. The alternate design submitted by T&B were merely hypothetical designs with no track record of commercial production or marketing.[2] In order to maintain freedom of competition the courts need to ensure that competition will not be stifled by the exhaustion of a limited number of product configurations. *Two Pesos Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775, 112 S.Ct. 2753, 2760-61 (1992). To this end there must be some evidence that an alternate design could compete effectively before a product configuration can receive trademark protection.

Therefore, because the alternative designs presented were mere hypotheticals that have never been successfully marketed the Court finds that as a matter of law, the oval headed design is necessary to allow Panduit to effectively compete.

3. T&B's Advertising

T&B's own statements and promotional materials proclaiming the utilitarian superiority of their product configuration further support the functionality of the oval shape. T&B has heavily promoted and advertised each of the utilitarian benefits of the

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[2] The Court notes that T&B submitted the declaration of Peter Wells with an exhibit showing that one of the alternate designs could be produced. However, the mere production of an alternate design does not show that Panduit would be able to effectively compete in a market where all the cable ties in production have either an oval or rectangular head.

round-headed, two-piece cable tie design. (Tr. 66-68, 141-44, 157-61; Exs. P-192, D-77, D-105). T&B's merchandise rack includes a sign with an enlarged picture of TY-RAP's head next to which large letters proclaim "The Grip of Steel". Underneath, in smaller type, three bullets all draw attention to the functional advantages of the product: "Proprietary stainless steel barb molded into head giving superior strength and durability; Low profile head — won't snag looks good; Smooth body prevents breakage problems." (P. Ex. 19). T&B has also testified that the oval head provides other advantages including to (1) help the flow of plastic; (2) reduce costs by using less material; (3) eliminate corners which may cause tooling to "fatigue and fail", and (4) create basically uniform cross sections which gives strength. (Nancy Clarke Declaration, June 13, 1996, Ex. 12; Peter Wells 6/9/94 Tr. at 64-65, 70-71; Martin Tr. at 53). T&B has failed to bring forth evidence showing that T&B ever advertised the oval head as a source identifier rather than as a utilitarian aspect of the cable tie. Also, T&B has not produced evidence to counter all the utilitarian claims of the oval head.

The Court holds that the oval shape of the T&B TY-RAP head is functional as a matter of law. The fact that the oval shape is mentioned in the claim section of the patent, that no evidence that alternative designs could effectively compete in the cable tie market, and that T&B's advertising touted the oval shaped head as a utilitarian aspect rather than as a source identifier indicate that the oval shape head is functional and not entitled to trademark protection under the Lanham Act.

D. SECONDARY MEANING

Even though the Court finds that the oval head is functional, the Court will assume *arguendo* that the oval shape of the head is non-functional and will address the standard test for trade dress infringement.

To prevail on a claim of trademark or trade dress infringement, T&B must establish either that its mark or dress has acquired secondary meaning or that its mark or dress is inherently distinctive.[3] *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769, 112 S.Ct. 2753, 2758 (1992). T&B must also establish "that consumers will be 'likely confused' as to the source of the product because of the similarity of the products' appearance" (*Schwinn*, 870 F.2d at 1182).

"[I]n order to establish that its product feature possesses secondary meaning, T&B must prove that in the minds of consumers the primary significance of the oval head is to identify the TY-RAP as a T&B product." *Thomas & Betts, Corp. v. Panduit Corp.*, 65 F.3d 654, 661 (7th Cir. 1995). In determining whether T&B's trade dress has acquired secondary meaning the Court will consider the following factors: 1) T&B's advertising; 2) T&B's customer surveys; 3) direct consumer testimony; and 4) Panduit's copying.

1. T&B's Advertising

T&B's advertising describes the utilitarian aspects of the oval head and does not encourage consumers to identify the oval head with T&B. T&B's counsel argues that there are only a few pieces of advertising which claim the utilitarian functions of the oval head. However, the relevant inquiry is not the number of advertisements but rather whether there is any advertising which encourage consumers to identify the oval head with T&B.

As the Seventh Circuit noted, "[a]dvertising a product feature as a source identifier was not unknown to T&B. In an earlier advertising campaign for a different product, T&B called attention to the product's striped tail as a way to identify the source,

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[3] The parties do not dispute that the oval shape head is not inherently distinctive and the Court will focus on whether the oval head has acquired secondary meaning.

using the phrase 'look for the tiger stripes on the tail' in its advertising." *Thomas & Betts, Corp. v. Panduit Corp.*, 65 F.3d 654, 662 n. 9 (7th Cir. 1995). Also, T&B's own product manager, Peter Wells, testified that to his knowledge the oval head shape was never advertised as a way to identify T&B TY-RAPs. (Nancy Clarke Declaration, June 13, 1996, Ex. 13 p. 149).

The Court was not presented with any evidence of advertising that would refute the testimony of Peter Wells or raise a question of fact with respect to T&B advertising only the utilitarian aspects of the oval head. Again as the Seventh Circuit noted "[a]dvertising that touts a product feature for its desirable qualities and not primarily as a way to distinguish the producer's brand is not only not evidence that the feature has acquired secondary meaning, it directly undermines such a finding. It supports instead the inference that consumers consider the claimed trade dress a desirable feature of the product and not primarily a signifier of source." *Thomas & Betts, Corp. v. Panduit Corp.*, 65 F.3d 654, 662 (7th Cir. 1995). Thus, T&B's advertising creates an inference against secondary meaning.

2. T&B's Customer Surveys

T&B commissioned two surveys, one in 1994 and one in 1996, to establish secondary meaning and likelihood of confusion. The following uncontested facts, regarding the 1994, survey are adopted from the Seventh Circuit's opinion. "Posing as customers, the interviewers visited 154 electric supply retailers in 15 cities and asked the salespeople if they could identify the brand of a cable tie. Each salesperson was shown one of five different cable ties: 1) a T&B TY-RAP, 2) a T&B TY-RAP with the T&B logo removed, 3) a Panduit BARB-TY, 4) a Panduit BARB-TY with the Panduit logo removed, and 5) a one-piece cable tie manufactured by a company named GB." *Thomas & Betts, Corp. v. Panduit Corp.*, 65 F.3d 654, 662 (7th Cir. 1995).

Part one of the 1996 survey "which complements the first survey was designed to test the source-identifying quality of the oval head shape. To do so, an essentially rectangular headed, barbed cable tie was prepared, and it was shown to interviewees together with the T&B oval headed, barbed cable tie. The rectangular headed cable tie was identical to the T&B oval headed tie except for the shape of the head." (T&B's Opposition Brief p. 23).

Part two of the 1996 survey "consisted of a series of questions to determine whether or not the head shape is considered primarily as an indicator of source, rather than for some other reason, such as any utilitarian aspects it might posses." *Id.* at 24. The purpose of the 1996 survey was to determine whether there was secondary meaning in the oval head apart from the product itself and that the primary significance of the oval head is to identify T&B's cable tie as a T&B product.

The Seventh Circuit held that the 1994 survey was flawed because the survey "did not separate the allegedly protectable trade dress, the oval head, from the clearly non-protectable elements, the metal barb and slot" and could not show secondary meaning. *Thomas & Betts, Corp. v. Panduit Corp.*, 65 F.3d 654, 662 (7th Cir. 1995). As a result the 1996 survey was commissioned. For purposes of this motion the Court will consider both surveys to decide whether the oval shaped head has acquired secondary meaning.

Panduit raises several arguments to explain why the surveys do not establish secondary meaning. The first is that the surveys are flawed because the interviewees were not consumers, but were "salespeople in electrical supply retailers." (Pl. Ex. 32-A at 3). Second, Panduit claims that the survey could be biased because the report does not indicate whether the stores where the majority of the interviewees work only sell T&B ties. If the stores only carried T&B products the interviewees would be more apt to say

the tie presented was a T&B product. Finally, Panduit argues that even if the survey was reliable secondary meaning would not be established because only 5% of the interviewees responded that the oval shaped head is important to identify the source of the cable tie.

The 1994 survey and part one of the 1996 survey were flawed because the interviewees were not consumers. The Seventh Circuit held that:

> "The issue is not the primary meaning to *consumers* of a particular signifier, but is instead whether a product feature's primary significance to *consumers* is as an identifier of source or as an element which contributes to the inherent appeal of the product." In addition, "*[c]onsumers* must also care that the product comes from a particular producer (though they need not be able to identify him) and must desire the product with the particular feature because it signifies that producer." (Emphasis added).

Thomas & Betts, Corp. v. Panduit Corp., 65 F.3d 654, 658-9 (7th Cir. 1995).

The report prepared by RL Associates states that the interviewees were store personnel in electrical supply stores. (Pl. Ex. 32-A p. 3). However, the instructions for the survey stated that the respondents should be "[p]eople who actively work as electricians, or otherwise directly installing cables (e.g. telephone repair people)." *Id.* at App. B Interviewer Instructions. The relevant inquiry in determining secondary meaning must be made of consumers. The 1994 survey and part one of the 1996 survey neither establish that there is secondary meaning in the oval head nor raise an issue of material fact.

Part two of the survey does not establish secondary meaning in the oval head. Part two was directed at determining the primary significance of the shape of the head. The survey established that

30%[4] of the respondents associated recognition with the oval shape versus 10% of the respondents which viewed the shape of the head as important for reasons other than identifying the manufacturer. Notwithstanding the fact that the survey is flawed, 30% recognition is insufficient to establish secondary meaning.

In *Sparying* [sic] *Systems Co. v. Delavan, Inc.*, 975 F.2d 387 (7th Cir. 1992), plaintiff conducted a telephone survey and found that 38% of the people interviewed recognized the trademark in question. The court found that a 38% recognition figure was insufficient to establish secondary meaning. "While a 50% figure is regarded as clearly sufficient to establish secondary meaning, a figure in the thirties can only be considered marginal." *Id.*at 394.

Given that the survey did not interview consumers and only produced a 30% recognition factor the court finds that T&B has failed to show that a reasonable jury could find that the oval shape of the head had acquired secondary meaning based on the customer surveys.

3. Consumer Testimony

T&B submitted deposition testimony and various declarations from electrical distributors and consultants as direct evidence of secondary meaning. Panduit argues that the evidence presented is insufficient to show secondary meaning because 1) the declarants are not consumers, and 2) the testimony does not satisfy the primary significance standard for secondary meaning.

Four distributors and two consultants, all of whom have considerable experience in the electrical industry, state unequivocally in their declarations that they recognize and associate the oval shape of T&B's two-piece, barbed cable tie with T&B and can identify

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[4] Panduit argues that only 5% of the respondents identified the shape of the head as important in identifying the manufacture. However, the court must view the evidence in the light most favorable to T&B and will use the figures provided by T&B.

products as T&B products by that oval shape. (Edgar Decl.; Vinar Decl.; Larson Decl.; York Decl.; Keating Decl.; Andrews Dep. P. 16).

Panduit asserts that the above mentioned testimony is not probative because the declarants are not consumers. In *Sassafras Enters. v. Roshco, Co.*, 915 F.Supp. 1 (N.D. Ill. 1996), the court granted summary judgment for defendant in a trade dress case, finding no reasonable jury could find that the alleged trade dress had acquired secondary meaning. The Plaintiff submitted an affidavit of an owner of a sales representative company in support of its allegation of secondary meaning. The court rejected the affidavit because the owner was not deemed a consumer.

However, the court went on to say that "if the relevant buyer class consists of both dealers and ultimate consumers, then the state of mind of the dealers is obviously important." *Id.* at 7. In ¶ 7 of their Complaint Panduit states that they sell their products primarily through distribution. Therefore, the Court will consider the testimony of the declarants as they are part of the buying class.

The testimony of the declarants does not establish a fact question regarding secondary meaning. All of the declarants testified that they recognized and associated the oval head with T&B and that the oval head did not serve any utilitarian purpose. (Edgar Decl.; Vinar Decl.; Larson Decl.; York Decl.; Keating Decl.; Andrews Dep. P. 16). However, under the primary significance standard the declarants must care that the product comes from T&B. Nowhere in the declarations is it stated that the distributors care whether they receive a T&B tie or a Panduit tie.

E. LeRoy Larson comes close to achieving the primary significance standard by stating that "[w]hen I see that oval shape, I know that the product comes from Thomas & Betts, and I have appreciated that for many years." (Larson Decl. ¶ 3). There are two problems with Mr. Larson's testimony: 1) he is presently a

consultant with T&B and the Seventh Circuit has held that testimony of a party's own representative, regarding secondary meaning, should be properly discounted by the district court. *Ideal Industries, Inc. v Gardner Bender, Inc.*, 612 F.2d 1018, 1023 (7th Cir. 1979); and 2) while Mr. Larson appreciates knowing where the product comes from he does not say that he cares whether he receives a Panduit tie or a T&B tie. The testimony presented does not support an inference of secondary meaning because it does not establish that the primary significance of the oval head is to identify the source of the product.

4. Panduit's Copying

T&B argues that Panduit intentionally copied the entire line of TY-RAP cable ties because of the advantages the products enjoyed. "Copying is only evidence of secondary meaning if [Panduit's] intent in copying is to confuse consumers and pass off [its] product as [T&B's]." *Thomas & Betts, Corp. v. Panduit Corp.*, 65 F.3d 654, 663 (7th Cir. 1995). "[T]he copier may very well be exploiting a particularly desirable feature, rather than seeking to confuse consumers as to the source." *Duraco Prods. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1453 (3d Cir. 1994).

T&B relies on the testimony of Donald Henderson, Panduit's former president, as evidence indicating that Panduit intentionally copied T&B's product to cash in on T&B's good will. Mr. Henderson testified that:

> From a functional standpoint, to my knowledge as a bystander, the attempt was to make an equivalent product. Then the question comes what do you do with the nonfunctional parts of the design, and it was decided that a similar appearance, to my knowledge, would reduce the barrier to the sale of the product.

(Henderson Dep. p. 240-241).

Panduit was free to copy T&B's products and the only obligation Panduit had was to "identify its own product lest it be mistaken for that of the plaintiff." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119, 59 S.Ct. 109, 114 (1938). It is undisputed that Panduit's name appears on each of its two-piece cable ties, and on its distinctive point of sale packages, which include Panduit's green corporate color, and a bright yellow, black and red "New Entry" sticker displayed on the package that reads: "Using a nylon tie with a metal barb? Try the superior one. . . BARB-TY from Panduit." (Exhs. D-75, DP-24, D-75(A)). T&B has not presented any evidence to show that Panduit intended to pass off their BARB-TY as T&B's TY-RAP, rather T&B has merely established that Panduit noticed that consumers liked the oval head metal barb tie and decided to jump on the bandwagon. As the Seventh Circuit stated in *Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 1363 (7th Cir. 1995), "[w]e call that competition, not bad faith, provided there is no intention to confuse, and so far as it appears, there was none." There is absolutely nothing to suggest any intent to confuse customers as to the source of the product, and T&B has not raised any facts which could raise such an inference. Panduit has taken numerous specific steps to identify its BARB-TY as a Panduit product and there is nothing for a jury to consider on this issue.

E. LIKELIHOOD OF CONFUSION

Even though T&B has failed to establish secondary meaning the Court will nonetheless discuss whether there is a likelihood of confusion among customers. T&B must establish a likelihood of confusion by showing "that consumers will be 'likely confused' as to the source of the product because of the similarity of the products' appearance." (*Schwinn*, 870 F.2d at 1182). T&B argues that consumers will be confused because of the similarity of the BARB-TY to the TY-RAP.

In *Kellogg* the Supreme Court held that there was not a likelihood of confusion even where the product would later be separated from the packaging in which it was initially distributed. The Court stated that "[t]hese cartons are distinctive and bear prominently the Kellogg name. To put upon the individual biscuit some mark which would identify it as the Kellogg product is not commercially possible." 305 U.S. at 121. The current case represents the ultimate situation in which customers will not be confused. Every Panduit and T&B tie has the corporate name embossed on it. *Kellogg* found there was no likelihood of confusion even where the products were not individually labeled. For this Court to find that products which are individually labeled would cause confusion would fly in the face of established precedent.

T&B points to the declaration of Lloyd Francis, a T&B employee, which states a production engineer presented him with a faulty tie that happened to be a Panduit tie. This does not establish a likelihood of confusion. "The obligation resting upon [Panduit] is not to insure that every purchaser will know it to be the maker but to use every reasonable means to prevent confusion." *Id.* at 121. This Panduit has done. Not only has Panduit gone to great lengths to distinguish its product through labeling and packaging, but has also individual marked each tie with its corporate name. It is not the province of this Court to make sure that every purchaser be alerted to the corporate name on each tie before they decide to purchase it. If the consumer does not take the time to notice where the tie is coming from perhaps they simply want a metal barb cable tie and could care less who makes it. There simply is no evidence of passing off or deception on the part of Panduit, and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product. Therefore, the Court finds that there is no fact issue on the likelihood of confusion.

F. USE OF BARB-TY TRADEMARK

In Count II, T&B claims that Panduit's use of the term BARB-TY is misleading and likely to cause confusion among consumers because it is a generic term. A generic or common descriptive term can never function as a trademark. *Liquid Controls, Corp. v. Liquid Control Corp.*, 802 F.2d 934, 935 (7th Cir. 1986). On the other hand, a term that is merely descriptive may be used as a trademark if it has acquired secondary meaning. *Id.* Also, the fact that a term is registered is *prima facie* evidence that the term is not generic. 15 U.S.C. § 1115(a).

For purposes of this motion, both parties admit that the term BARB-TY is a generic term for a two piece cable tie. However, BARB-TY is a federally registered trademark which raises a presumption against genericness. Based on the incomplete record presented, the Court is unable to decide Count II on the record before it and summary judgment is therefore denied at this time.

G. STATE LAW CLAIMS

T&B alleges that Panduit's actions also violate several state laws. In Count III, T&B claims that Panduit's conduct violates the common law of unfair competition. In Count IV, T&B alleges that Panduit's conduct violates both the Illinois Consumer Fraud and Deceptive Business Practices Act and the Uniform Deceptive Trade Practices Act. Finally, in Count V, T&B alleges that Panduit's conduct violates the Illinois Anti-Dilution Act. Panduit now moves for summary judgment on all the state law claims.

Panduit argues that all the state law counts are pre-empted if the court finds that the product configuration of the TY-RAP is dedicated to the public upon the expiration of the patent. With respect to Count III, Panduit argues that like Count IV the success of the common law claim is contingent upon a finding that Lanham Act protection is available. Also, Panduit argues and

T&B agrees, that Count IV rises and falls on the basis of whether the product configuration is entitled to Lanham Act protection. Finally, Panduit argues that there is no cause of action under Count V because T&B and Panduit are competitors.

1. Pre-emption of State Law Claims

Upon the expiration of a utility patent the public is free to copy the invention covered by the patent and any state law attempting to hinder that federal right is pre-empted. "One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property." *See The Federalist No. 43, p. 309 (B. Wright ed. 1961).*

"A state law that substantially interferes with the enjoyment of an unpatented utilitarian or design conception which has been freely disclosed by its author to the public at large impermissibly contravenes the ultimate goal of public disclosure and use which is the centerpiece of federal patent policy. Moreover, through the creation of patent-like rights, the States could essentially redirect inventive efforts away from the careful criteria of patentability developed by Congress over the last 200 years." *Bonito Boats Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156-7, 109 S.Ct. 971, 980 (1989).

T&B's state law claims seek protection for an article that was the subject of an expired utility patent. However, the Supreme Court has made it clear, "that state regulation of intellectual property must yield to the extent it clashes with the balance struck by Congress in our patent laws." 489 U.S. at 152, 109 S.Ct. at 978. Also, "the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent." *Id.*

Therefore, the Court finds that T&B's state law claims conflict with federal patent law and are invalid under the Supremacy Clause of the United States Constitution.

2. Common Law of Unfair Competition Under Count III

Even though the state law claims have been found to impermissibly conflict with the federal patent laws, the Court will discuss each state law claim.

T&B's claim of unfair competition fails because there is no finding of protectable trade dress under the Lanham Act. *Gimix, Inc. v. JS&A Group, Inc.*, 699 F.2d 901, 908 (7th Cir. 1982). In order for there to be a violation of unfair competition there must be some protectable claim under the Lanham Act. Since the Court has found that T&B does not have a protectable interest and T&B has not raised an issue of fact with respect to secondary meaning and likelihood of confusion summary judgment for Panduit as to this claim is appropriate.

3. Count IV

The parties agree that the success of Count IV depends upon the courts determination of the federal trade dress claims. Summary judgment for Panduit is granted as to Count IV because absent protectable trade dress under federal law, claims for violations under the Illinois Consumer Fraud and Deceptive Trade Practices Act and Uniform Deceptive Trade Practices Act are unavailable. *Gimix, Inc. v. JS&A Group, Inc.*, 699 F.2d 901, 908 (7th Cir. 1982); *Sassafras Enter. Inc. v. Roshco, Inc.*, 915 F.Supp. 1, 11 (N.D. Ill. 1996).

4. Illinois Anti-Dilution Act

The Illinois Anti-Dilution act does not apply to competitors. *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 746 F.2d 375, 380 (7th Cir. 1984). T&B and Panduit are direct competitors in

the sale and manufacture of electrical products, including two-piece self-locking cable ties. (Comp. ¶¶ 6&7). Therefore, because T&B and Panduit are competitors summary judgment is granted in favor of Panduit as to Count V.

V. CONCLUSION

For the foregoing reasons, **Panduit's motion for summary judgment is hereby GRANTED on Counts I, III, IV and V of plaintiff's complaint and DENIED as to Count II.**

SO ORDERED THIS 15TH DAY OF AUGUST, 1996.

MORTON DENLOW
United States Magistrate Judge

United States Court of Appeals

FOR THE SEVENTH CIRCUIT
CHICAGO, ILLINOIS 60604
APRIL 30, 1998

BEFORE

HON. WALTER J. CUMMINGS, *Circuit Judge*
HON. WILLIAM J. BAUER, *Circuit Judge*
HON. ILANA DIAMOND ROVNER, *Circuit Judge*

THOMAS & BETTS CORPORATION AND THOMAS & BETTS HOLDINGS, INC., *Plaintiffs-Appellants,*	APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION.
Nos. 96-3914, 97-2108 v.	No. 94 C 2656
PANDUIT CORPORATION, *Defendant-Appellee.*	MORTON DENLOW, Magistrate Judge.

ORDER

On consideration of the petition for rehearing with suggestion for rehearing en banc filed in the above-captioned case by the defendant-appellee, all of the judges on the original panel voted to deny and none of the judges in active service has requested a vote thereon.

Therefore, the petition for rehearing with suggestion for rehearing en banc is DENIED.